Tuesday June 20 1989

D 8523A

World News Mitsotakis' proposal for coalition rejected

No.30,873

Greece's opposition
Communists last night rejected a proposal by Mr Constantine
Mitsotakis, the Conservative opposition leader, to form a temporary coalition government with the main task of bringing members of the outgo-ing socialist Government involved in financial scandals to justice and holding further elections. Page 20

Acid rain campaign Swedish and Norwegian Gov-ernments are mounting a cam-paign criticising Britain for falling to reduce sulphur diox-ide contamination. Page 13

Falklands row

A row over overseas ownership of Falkland Islands farms has led to dissolution of the legisla-tive council. Page 3

izvestia attack Izvestia, the Soviet Govern-

ment newspaper, signalled an expansion of glasnost with a scathing attack on a top Communist Party official Gennady Bogomyakov. Page 8.

Palme evidence The widow of Sweden's mur-dered prime minister, Olof Palme, identified Christer Pettersson during his trial in Stockholm as the man who

killed her husband.

German contacts Rast German leader, Brich Honecker, has agreed to ease travel between East and West Berlin. Page 8

Soviet arms aim The Soviet Union said the main issue in nuclear arms talks with the US is a 50 per cent cut in strategic missiles and observance of the 1972

ABM treaty. Page 8 **Solidarity victory** the 261 seats it contested in Poland's first partly-free elec-

Iranian poli date An Iranian newspaper said presidential elections in Iran scheduled for August would be held on July 28.

tions for 40 years. Page 8

Soviet train returned Polish officials turned back a train at the Soviet border because its cargo of lethal gas was leaking.

Mosiem court move British Moslem leaders have won the right to challenge the refusal of a London magistrate to issue blasphemy summonses against Mr Salman Rushdie.

Journalist captured Afghan government troops have captured American jour-nalist Tony Oberion, who was covering the war in Afghan-istan for Life magazine

Conservation call France and Australia have called for immediate talks timed at turning the Antarctic into a new conservation area.

Belgium clash Miners protesting against the early closure of Belgium's last two coal mines fought police with iron bars and stones in-

Nine die in SA Nine blacks died in weekend clashes between rival political factions in Natal province.

STERLING New York close \$1.5425 (1.54)

\$1.549 (1.534)

DM3.055 (3.0575) FFr10.37 (10.375)

SFr2.64 (2.6375) Y223.75 (223.25)

New York closing DM1.9790 (1.9825)

FFr6.7055 (6.7355)

SFr1.7080 (1.71275) Y144.40 (144.85)

New York latest

DOLLAR

COLD

Comex Aug \$370.7 (-0.1)

MARKETS

W. Germany

FAZ Aktien Index

Apr 1989 Jun

Federal Funds 92% London

(9½) DM1.973 (1.9825) 3-mth Treasury Bills: FF.6.895 (6.7625) yield: 8.408% (8.403) SFr1.705 (1.72) Long Bond: 106 Y144.4 (145.5)

NTEREST RATES

ield: 8.319% (8.296)

close 14% (144)

Long (106 4)

Business Summary

NWA agrees to airline takeover bid worth \$4bn

Airlines, US carrier, agreed to a \$4bn takeover offer from a group of investors led by Los Angeles businessman Alfred Checchi, KLM Royal Duich Airlines and Elders IXI., Anstralian group. Page 21

AIRLINES of Europe, federaof fare cuts of up to 40 per cent. Page 23

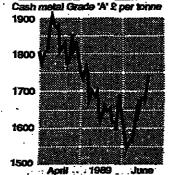
ENTERPRISE Oil. UK indenendent exploration and production company, won a court bat-tle to proceed with acquisition of almost \$1bn of North Sea Assets from Texas Eastern, US oil and gas company. Page

SIKMENS, West German electronics giant, signed \$740m order to supply up to 300,000 personal computers to the Soviet Union. Page 20

TIME, US publishing and broadcasting group, will try to finance takeover of Warner Communications without selling businesses. Page 22

RUROPE'S largest and most ambitious collaborative research project into semicon-ductor technology is to receive almost \$1.02bn from the Euro-

COPPER prices surged on London Metal Exchange after traders and consumers digested



news from around the world

ASKA Brown Boveri, European electrical engineering group, won clearance to dian plants. Page 4

KUROPEAN Community finance ministers agreed terms for Spanish pesets and Portu-guese escudo to become part

COMPUTER Associates, US independent software company plans to buy Cullinet, a main-frame computer programmes supplier. Page 22

SOUTH KOREA unveiled an economic package of wage and price controls. Page 2

JAPAN'S economy grew by 5.1 per cent during the fiscal year to March SL Page 2

controlled forest products group, began trading shares on the London Stock Exchange, Page 25

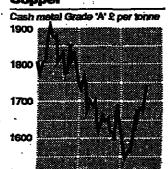
EUROPEAN Community

RRFFISH Midland, UK sirline, is to meet legal representatives of the victims of the Kegworth air disaster to discuss the possibility of further interim compensation payments. Page 13

ownership by commercial interests and non-bank institutions. Page 22

NWA, parent of Northwest

tion of five European airlines, was launched with a forecast



acquire Westinghouse Cana-

of the Ecu basket of European currencies. Page 26

MAGNUM Corporation, New Zealand brewery and wine business, is taking over Wilson Neill's liquor stores. Page 25

KNSO-Gutzeit, Finnish state-

RURGPRAN Community
agreed major reductions in
anti-dumping duties levied last
year on video cassettes and
video tapes exported from
Hong Kong and South Korea.

CANADA'S Federal Govern-ment is considering creating a third class of banks open to

STOCK BIDICES

Dow Jones Ind. Av.

New York closing

2,479.89 (-6.48)

S&P Comp

FT-SE 100

138.86 (Frl)

World:

Tokyo

320.64 (-0.71)

2,154.7 (+10.8)

33,013.18 (-41.99) Frankfurt

Commerzbank

1,808.5 (+28.7)

West Tex Crude

Brent 15-day (Argus)

\$16.525 (+1.75) (July)

\$20.425 (+0.5) (July)

West Germany and France confront UK

on economic union By Ian Davidson in Paris and Robert Mauthner in London

FRANCE and West Germany yesterday joined forces to throw down a gauntlet to Mrs Margaret Thatcher, the British Prime Minister, ahead of next week's European Community Summit in Madrid.

In a joint communique the two governments called for decisive progress on economic and monetary union at next week's Madrid summit of EC heads of state, as well as on the progress of state and the Economic and monetary union at next week's Madrid summit of EC heads of state, as well as on the European Commission's draft charter of fundamental

The communiqué, issued after a meeting in Paris between Mr Hans-Dietrich Genscher, West German For-Genscher, West German For-eign Minister, and Mr Roland-Dumas, his French counter-part, expressed their wish "that a decisive political impulse should be given in Madrid to the implementation of the Delors report in its total-

By implication the governments are demanding a politi-cal commitment by the 12 member states to the objective of economic and monetary union, as recommended in the report of the Delors Commit-tee, not just the more modest first stage of closer economic and monetary co-operation. Recent indications have been

that the British Government would be prepared to accept the modest first stage, but not the ultimate objective of eco-



Gonzalez: search for consensus

European Council at Madrid should take the necessary decisions to implement in short order the Charter on Fundamental Social Rights." The ministers were speaking after Mr Felipe Gonzalez, the Spanish Prime Minister, hinted in London that the Madrid

summit might have to use the

majority voting procedure to push forward European mone-

tary union if Britain continued to block it. The Spanish Prime Minister, who will chair the summit, nomic and monetary union.

Equally "the two ministers emphasised their wish that the a consensus and solutions

acceptable to all members.

He told a press conference that he had had "very frank, very direct, and very construc-tive talks" with Mrs Thatcher on the Delors Report and other subjects due to be discussed in Madrid.

"I don't exclude the possibility that we will reach agree-ment on monetary union," said Mr Gonzalez. "I don't think that anyone has any difficulty with the concept of monetary union. But it is difficult to link the first stage of the Delors proposals with stage two and

Under stage one, all currencies, including sterling, would participate in the European Monetary System (2015) fonetary System (EMS), and the budgetary and monetary policies of the member states would be more closely co-ordi-

The second and third stages of the Delors plan, which fore-see moves towards the creation of a European central banking system and a common cur-rency, would require the revi-sion of the European Community treaties.

At a meeting of Community Finance Ministers at S'Agaro on the Costa Brava last month, Mr Nigel Lawson, the UK Chancellor of the Exchequer, agreed with his colleagues from the 11 other member countries to begin work on the first stage of the Delors report. Continued on Page 20 Ecu weightings agreed for peseta and escudo, Page 34

Thatcher 'disappointed' by poll

By Philip Stephens and Michael Cassell in London

THE British opposition Labour Party yesterday proclaimed itself confident of a comfortable majority at the next general election, as Mrs Margaret Thatcher conceded that her defeat at the hands of Labour in the Exercise elections had in the European elections had been "disappointing."

The final results showed Labour had secured 45 seats in Strasbourg against the Conservatives' 32 – an exact reversal of the 1984 poll. Mr Neil Kin-nock, the Labour leader, said the election had been a political watershed.

Despite its big advance in terms of votes, the Green Party did not manage to secure any seats, while Mr Paddy Ashacknowledged the damage ■Big advance for far-right in W German poll ●Paisley top in Ulster

Editorial Making the most of a

protest vote

centre vote had left him "very confident of a strong majority at the next general election." The Labour Party will make the first moves towards plan-ning its general election cam-paign on Friday, when cam-paign strategists and members of Mr Kimnock's office meet to recent successes. Plans will centre on a summer assault on the government intended to highlight Labour's strengths

and Tory weakness done by his party's dismal fourth place.

Mr Kinnock said the 9 per cent national swing against the Government — with higher figures in the Midlands and London — and the collapse of the Editorial Comment, Page 18

Broad left wins narrow majority in European Parliament

By David Buchan

EUROPE'S broad left has secured a narrow majority for the first time in the European Parliament, after a Community-wide election seen as a pointer to forthcoming national polls in several of the

12 EC states. Big Labour gains in the UK hoosted the ranks of Socialists in the Strasbourg assembly to 181 seats, ahead of the centreright Christian Democrats now with 123 seats. Left-leaning Green and allied regional par-ties nearly doubled their strength from 20 to 39 seats. In an election marked by the

In an election marked by the success of fringe parties, the extreme right Republican party of West Germany won six seats, contesting a Euro-election for the first time. The extreme right held its 10 seats in France, lost one seat in Italy but gained one in Belgium.

The potential of the broad

The potential of the broad left - Socialists, Communists and Greens - to muster 261 votes, a majority of one in the 518 seat Parliament, is expected to tell in future decisions on EC social and environmental policies. tal policies, particularly because such policies attract some considerable support from the centre-right in the assembly. The Parliament has already been playing an increasingly important role in determining legislation to forge a single Community market and in reviewing EC accords with third countries.

As the largest political group, the Socialists are poised to take the job of the Parlia-ment's president. Though they now constitute the biggest sin-gle national party in the Stras-bourg assembly, UK Labour Party MRPs are expected to let the presidency job go to one of the Spanish socialists, which are the second most numerous national grouping among the

Rival contenders for the presidency are Mr Giscard D'Estaing, the former French President whose list gained the most votes in France, and Mr yesterday as Belgian Foreign Minister to take his seat in Strasbourg. The generally poor showing of the centre-right, however, looks like dashing

their hopes. The next few weeks will see a jockeying for position among the European Parliament's eight political groupings, cul-minating in election of the President and key committee chairman in late July.

Soviet republic strugglestoend renewed rioting

By Quentin Peel in Moscow

NEW RIOTS in the Soviet central Asian republic of Kazakhstan have caused an unknown number of deaths, as gangs of armed youths launched a pogrom through the oil town of Novy Uzen, paralysing public transport and burning buildings, official sources confirmed yesterday.

The Soviet authorities were still struggling to bring the sit-uation under control, after disturbances began last Friday

The latest violence in central Asia comes only days after a large security effort by the Soviet Government, involving 12,000 troops, ended bloody race riots in neighbouring Uzbekistan, leaving almost 100

"The situation has worsened as groups of hoodlums, armed with sticks, iron rods and stones have formed themselves into groups and are staging pogroms in houses, shops and administrative buildings, and attacking passers-by," Tass reported from Novy Uzen last

night.
First reports from the town said the apparent cause of the riots was anger at food ration-ing, high prices in co-operatives, and resentment at the high wages and better living conditions of migrant workers

in the Caspian oil fields. Komsomolskaya Pravda, the Soviet youth newspaper, which was the first to report the riots before any deaths occurred, said that many of the local youths were unemployed, and bitterly resented "their unequal social standing in comparison with those who came to the Mangishlak peninsula to work."

Tass did not mention causes of the unrest, but confirmed that the youths had attempted to seize the local police station, water supply system, and other vital facilities in Novyuzen.

"Descensor transportation "Passenger transportation

has been paralysed and some industrial enterprises, shop-ping and service amenities suspended operation," it added.
"There have been instances
of firearms and petrol bombs
being used. There have been
deaths. Medical assistance is

being provided to those wounded." Communist Party leaders in the republic - the second most populous in central Asia after Uzbekistan, although the largest geographically – have rushed to the town, along with extra militla units and Interior Ministry troops.

Although there were no immediate reports of any ethnic basis to the riots, the resentment of migrant workers suggests that it may well be a

President Mikhail Gorbachev, and Prime Minister Nikolai Ryzhkov, have shown they take the threat of spreading violence in central Asia very seriously. The combination of economic depression including economic tepression, meating food shortages and rationing, ethnic rivalries, and rising religious fundamentalism, make the entire region a potential tinderbox. Minister criticised, Page 8

US investment bank bid for Gateway in balance

retailer, hung in the balance last night as efforts continued sserstein Perella.

However, the continuing uncertainty brought a ranewed attack from Isosceles, the newly formed UK company which already has a £1.87bn leveraged offer on the table for Gateway. The existing bidder described the continued confusion as a spoiling move and said it was sceptical of a rival

offer emerging.

Continued on
Isosceles' bid is due to close
Lex, Page 20

THE FATE of Gateway. on Thursday, and cannot be Britain's third-largest food extended or increased unless a rival bidder emerges. Given that Britain faces a rail strike
- both nationally and on Lonto put in place a recommended

£2bn (\$3.06bn) leveraged bid
led by the US investment bank,

way - on Wednesday, the lastminute uncertainty could impede the task of rounding up acceptances in the absence of a higher offer.

Yesterday, Wasser-stein - which has said it would make the bid via its leveraged buy-out fund, Wasserstein, Perella Partners - de-clined to elaborate on its weekend statement that it was Continued on Page 20

EC finance ministers approve plan for banking liberalisation

WIDE-RANGING proposals for the liberalisation of banking in the European Community won dition that their own governagreement from EC finance ministers yesterday.

The ministers overrode West

German objections to give the initial go-ahead to the creation of a single EC banking licence in January 1993. This will allow EC-based bank subsidiaries, irrespective of ownership, to do business anywhere in the Community without having to register in other

Mr Peter Lilley, Economic Secretary to the Treasury, who represented Britain at the Luxembourg meeting, said the licence was an important com-ponent of the single financial market which "should lead to a more open market in banking services throughout the Community" and provide opportu-nities for the British financial

The second banking directive must be endorsed by the European Parliament before final adoption. The EC banking

dition that their own govern-ments grant EC banks the same treatment as their own

domestic lenders.

This is a more flexible version of reciprocity than in the original directive, tabled in March 1988, a change introduced earlier this year by Sir Leon Brittan, Kuropean Completions for compatition and missioner for competition and financial services, in the wake of international criticism that the banking plan was protec-It has been widely seen as a significent test of the EC's will-

ingness to pursue liberal trade

policies in the run-up to the planned creation of a single market after 1992. After a six-hour debate on banking, ministers were making progress on a related plan for minimum solvency standards for holders of the EC banking passport. They were also expected last night to reach initial accord on com-mon rules against insider deal-

West Germany was the only member state to vote against the banking scheme. Mr Hans Tietmeyer, Bonn Finance Minister, was unable to accept it until ministers had made prog-ress on the solvency ratios plan, where West German mor-tage banks have been lobbying for special treatment.

West Germany, the UK, the Netherlands and Luxembourg also had anxieties about the amount of power the Commis-sion wanted to reserve for itself in making decisions on applications for non-EC banks. But they accepted a compro-mise offered by Mr Carlos Sol-chaga, the Spanish Finance Minister chairing the meeting, which leaves it to EC ambassa-dors to work out the final system for vetting non-EC applica-

In the meantime, applications will be processed via a system that allows a simple majority of member states to overturn Commission bank licensing decisions

ents Role of UK local authorities in

Unit Trusts

World Index

CONTENTS

Glasnost in China has never included its political system



Companies ... World Trade Britain

Openness has always been interpreted by Deng Xiaoping, China's paramount leader, as an opening of the country to foreign technology, capital and trade. It was never meant to embrace the political

Arts Reviews . World Guide

European elections: Making the most of a protest vote ... West Germany: Republican Party breaks the mould Editorial comments More than a setback; Wrong loans for students in the UK Lesz Gateway; Spain; Hunting; BET Technology: Testing time for 'natural' food--Wall Street 37,42,43

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Japan's economy Li promises 'no mercy' to those who attacked troops grows 5.1% on domestic demand

By Peter Montagnon in Tokyo

THE Japanese economy grew by a robust 5.1 per cent in real terms during the fiscal year to March 31, according to figures released by the Economic Plan-

ning Agency yesterday.

The figure reflects a spurt of growth to an annual rate of 9.1 per cent in the first quarter of 1989 from 3 per cent in the final quarter of last year, and was broadly in line with market expectations.

Economic activity is thus continuing to run ahead of government forecasts, with domestic demand firmly estab-lished as the mainstay of economic growth, economists in

Particularly strong in the March quarter was private-sec-tor capital spending, which rose 6.6 per cent compared with the previous quarter, while private spending advanced by 1.9 per cent ahead of the imposition of the 3 per cent consumption tax from The overall growth rate for the fiscal year compares with an official projection of 4.9 per cent and a rate of 5.2 per cent in the previous fiscal year. The strength of the econom

has led to worries about acce erating inflation, with wholesale prices rising 3.4 per cent in May, according to figures announced last week. However, Finance Ministry

officials said yesterday the figomeraus said yesteroay the rig-ness contained no strong signs of overheating, except for tightness in the labour market. The Bank of Japan said last week that no further discount rate increases were planned after the hike of 0.75 points at the end of May, which took the rate to 3.25 per cent.

Real import growth again exceeded that of exports in the first quarter, even though exports grew by a further 7.6 per cent in volume terms, reflecting the dispatch of equipment to new Japanese plants abroad as well as the continuing success of new high-technology products.

Canberra current account deficit at record A\$1.8bn

By Bruce Jacques in Sydney

AUSTRALIA has recorded its worst-ever monthly current account deficit of A\$1.828bn (£885m) for May, bringing the deficit for the first 11 months of the financial year to A\$15.99bn, compared with a federal budget forecast of

The trade figures, announced in Canberra yesterday, caused a wave of volatility on local financial markets, but surprisingly, the Australian currency gained strongly.

Some observers had forecast a May deficit as high as A\$2bn, and currency traders appeared relieved with the actual figure. They traded the dollar up from a trough of 73.9 US cents to

But Australian share markets took a more sanguine view, with the all ordinaries index down 2 points to 1527. Money market interest rates also rose more than 10 basis points, with banks' bills at 18.6 per cent by the close.

The May deficit compared

with A\$1.132bn in April and A\$1.37bn in May 1988. The previous highest figure was a A\$1.78bn deficit in October blowout was a 17 per cent increase, to A\$4.58bn, in imports against a rise of just one per cent, to A\$3.96bn, in exports.

France and Australia have called for immediate talks aimed at turning the Antarc tic into an international conservation area, George Graham writes from Paris. Mr François Mitterrand, the French president, yesterday issued a joint statement with Mr Bob Hawke, the Australian prime minister, who is visiting Paris, asking other signatories of the 1959 Antarctic Treaty to join them in negotiating a new agree-

Both countries have already refused to ratify the 1988 Wellington convention on the exploitation of mineral resources in the southern continent. The convention, which subjects all mining activities in the Antarctic to strict controls, has been ratified by 15 countries, but needs one more signa-ture before coming into

Paul Keating, said interest rates, already at near record levels in Australia, would takes to rein in the economy" He described the deficit as permports against a rise of just turbing and the level of imports as unsustainable, and demanded a continued tough monetary policy.

Wage and price controls ordered in South Korea

By Maggie Ford in Secul

AN ECONOMIC package of wage and price controls was unveiled by the South Korean

government yesterday in response to public criticism about worsening inflation.
Following average wage rises of almost 20 per cent this year, further pay deals are to be limited to single figures. An independent rational commitindependent national committec, including representatives of unions, management, politi-cians and economists, is to be set up to mediate in pay dis- .

Charges for utilities and transport and other public-sector costs are to be curbed, and the target for increase in the money supply is to be set below the current 18 per cent. The Korea Stock Exchange fell 14 points on the news, closing

To encourage big companies to invest in production facilities rather than speculative stocks or real estate, the gov-ernment is to offer tax incentives for one year. Small com-panies, particularly exporters, are to receive \$750m in special

Appreciation of the currency, the won, against the dol-lar is to be restricted to no more than 3 per cent for the year, and depreciation will be considered. The currency appreciation, which reached 16 per cent last year, is now hitting exporters hard, reducing export growth to 11 per cent this year compared with last year's rise of 19 per cent.

The restraints on liquidity are likely to depress the stock market in the short term. An inflation target of 5 per cent for the year as a whole has now been set, against 7.1 per cent last year. Economic growth is expected to reach 7.5 per cent, down from the original target of 8 per cent.

By Steven Butler in Peking

CHINA'S unrelenting crackdown on pro-democracy crackdown on pro-democracy protesters looked set to con-tinue yesterday after Li Peng, the hardline prime minister who was reviled by demonstra-tors, said no mercy would be shown to anyone joining in attacks on troops who opened fire on unarmed mysteriers. fire on unarmed protesters. Li's tough line followed statements by several senior government leaders at the

weekend that appeared to her-ald a more moderate approach. "Quite a lot of rioters are yet to be apprehended and we can in no way leave them unpunished and let them stage a comeback," he said. "Anyone who had conducted beating, who had conducted beating, looting and robbery or partici-pated in murdering soldiers and police, no matter whether he be a student or not, will be dealt with without mercy."

Chinese courts have already given out 11 death sentences, and Li's statement raises the possibility that many more will follow. At least 1,500 pro-testers are now believed to have been arrested.

China has also tightened the net to prevent protesters from escaping the country. All Chi-nese citizens will have to obtain exit vises from security officials before leaving the

country. The visa would also be needed to obtain entry to foreign embassies in China. A number of dissidents are known to have escaped the country, and several are har-boured in foreign embassies, including Fang Lizhi, China's leading disadent, who has

taken refuge in the US embassy in Peking. Hage convoys of armed troops moved through the city

last night as soldiers were pul-led back from Tiananmen Square, the centre of the protest movement which was crushed early on the morning of June 4. However, hundreds of troops patrolled the city centre.

The pullback of troops was interpreted by some as a sign that a much anticipated meet-

to be convened, although this could not be confirmed. could not be commissed.

The government yesterday also lashed out against a decision by the World Bank to suspend negotiations on project loans worth nearly \$400m. The bank was accused of interfering with China's internal affairs. China appears concerned that its new interna-tional parlah status will lead

Hints of economic problems

Steven Butler reads between the lines of Chinese news reports

HINA'S official news media have stated repeatedly that economic policy is unchanged and that the economy is returning to normal. However, beneath the rosy picture, there are indications of seri-

In one of the first important eco-nomic notices issued since martial law was imposed on May 20, the cen-tral government last weekend ordered yet another crackdown on investment outside a few key areas, including those earning foreign currency or those related to agriculture.

The central government was obvi-ously begining to worry that political turnoil would cause it to lose what little control it had over provincial investment, which is a key plank in its fight against soaring inflation. A few more hints about the cause of

A few more hints about the cause of these worries emerged yesterday, when the People's Bank, China's central bank, said savings were on the rise after falling early in the month. The Bank of China, which handles foreign exchange, said foreign currency had begun to flow, or perhaps trickle, back in. On Friday the Peking branch reported denosits of \$1.18m branch reported deposits of \$1.18m against withdrawals of \$1.12m.

These little items in the news confirmed what many people had suspected: that during the violence and political turnoil of recent weeks Chinese had been withdrawing their money from banks out of fear that it could be the last opportunity.
With all that cash in bags and

under mattresses, there was fear it would fuel yet another acceleration in China's inflation, which has stabilised

chine's inflation, which has stabilised at just under 30 per cent. Bank runs and panic buying repeatedly jolted the economy last year, often unknown to foreigners at the time.

Although it is still too early to tell for sure, a few battles in the war to keep inflation from jumping up again may already have been lost.

In addition to cash taken out of the banks, the high cost of moving hundreds of thousands of soldiers around the country has already pumped in a lot of additional unwanted cash. And then there is the possible deal with the military to gain their co-operation. Did it include promises for additional military spending? tional military spending?

Some economists think workers will take advantage of the unsettied environment to demand yet higher bonuses, which have already risen sharply this year. They have done it before and there can be no question that they are dissatisfied with their lot, after so many supported in one way or another the proported in one way or another the pro-democracy protesters. The govern-ment could be tempted to buy peace.

China's budget deficit was projected at 35m yuan (26bn) in March, but one diplomat who follows the economy believes it could finish the year at double that figure. The People's Daily yesterday quoted an official of the People's Bank saying that the bank had plenty of

funds — 48bn yuan of reserves against deposits — to pay peasants for the summer harvest.

the summer harvest.

Last year many peasants got IOUs instead and there was plenty of discontent. However, observers say some of the IOUs given out last year still have not been paid. The promise also appears to contradict a report by the Ministry of Commerce a month ago, in which it said it was about 10bn year short. yuan short. If the government wants to pay

If the government wants to pay cash, it may have to give up its goal of controlling the money supply and inflation. It must be considered party reassuring that China's leaders appear to have decided against any hig overhaul of economic policy. Reform and opening to the outside are to continue with even more vigour, if Deng Xiaoping, China's paramount leader, is to be believed.

The economy, however is in a state The economy, however, is in a state of severe flux, if not near-crisis. And more important than the broad policies on which the leadership apparently agrees, is how it will respond to difficulties that are close at hand; low

productivity, enterprise reform, infla-tion, controlling investment.

These factors are unknown and are the real source of uncertainty and potential instability. As a stop-gap measure the government is trying to restore confidence by saying as many nice things as it can — exports up, steel workers stay on job during turnoil, satellite programme proceeding as planted.

Iran brings

By Our Middle East Staff

IRAN announced yesterday that it is bringing forward its planned presidential election by three weeks to July 28 in a further sign of the leadership's

desire to settle the succession to Ayatollah Ruhollah Kho-

meini as quickly as possible.

The vote, originally planned for August 18, will be accompanied by a referendum on con-

stitutional changes which are expected to extend the presi-dent's executive powers. The

two events are expected to con-firm Hojatolesiam All Akbar Hashemi Rafsanjani, the speaker and sole presidential candidate, as Iran's dominant

political figure.
Interior Minister Ali Akbar
Mohtashemi said on Tehran
Radio that the election was

being brought forward because of President Ali Khamenei's

appointment to succeed Aya-tollah Ruhollah Khomeini as

leader of the Islamic Republic following Khomeini's death on June 3. President Khamenei

forward

elections

Britain warned on Hong Kong passports

By John Elliott in Hong Kong

A WARNING that the UK might find it difficult to run the colony of Hong Kong if it refused to give passports to 3.24m of the population was issued yesterday by Dame Lydia Dunn, senior member of the local Executive Council. She was speaking at a press conference to launch a campaign on the passport issue.
About 40 members of Hong
Kong's legislative and executive councils, including Mr William Purves, chairman of the Hongkong Bank, appeared wearing lemon yellow T shirts emblazoned with the cam-

By Anthony Robinson in Johannesburg

DELEGATES from Inkatha,

the predominantly Zuln organi-sation, and the "mass demo-cratic movement" met in a

Durban hotel yesterday for

talks aimed at a settlement to more than two years of bloody

conflict in townships around Pietermaritzburg and Durban.

Over 2,000 black people are believed to have died and thou-sands more to have been either

sands more to have been either wounded or left homeless in revenge killings sparked off by disputes over land and authority, which have pitted supporters of lukatha against groups claiming allegiance to the United Democratic Front.

united Democratic Front.
The UDF, an anti-apartheid umbrella organisation, has been virtually banned since February 1988, so leaders of the Congress of South African Trade Unions trade union federation. Mr. Low Michael Inc.

eration – Mr Jay Naidoo, its general secretary, and Mr Alec Erwin, a senior union organ-iser – represented the "mass movement", while the Inkatha

delegation was led by Dr Oscar

Dhlomo, secretary general. Earlier attempts to arrange

peign's slogan "Hong Kong is our Home". The slogan's message is that The alogan's message is that if the UK granted British pass-ports, Hong Kong Chinese people would not have to leave and join the current brain drain of about 45,000 people a year to obtain passports in countries such as Canada and

People's Liberation Army soldiers stop for a drink while on patrol, near Peking's Tiananmen Square yesterday, two weeks after the massacre of thousands of pro-democracy protestors

Australia

Dame Lydia left Hong Kong
last night for London with Mr
Allen Lee, senior member of the Legislative Council, to lobby politicians, including Mrs Margaret Thatcher. The passport issue has become a

Exiled leaders of the South

organisation (Swapo)
pledged on their return to
Windhoek on Sunday night
that they would "fight with
the ballot not the bullet" and
denied they aimed to set up

a one-party state, Anthony Robinson writes from

Johannesburg.

Mr Hage Geingob, Swapo's election director, said that Swapo had learnt from the experience of other independent countries and would not proscribe other

political organisations. "We did not come here to create

a one-party state," he added.

talks faltered over the insistence of Chief Mangosuthu

Buthelezi that they should take place in the Kwazulu home-land capital of Ulundi, while the "mass movement" affiliates

The talks began against the background of further violence

over the weekend when nine more people were killed.

insisted on neutral ground.

West Africa Peoples Organisation (Swapo)

serious controversy since the Chinese army crackdown sharpened fears in Hong Kong over its return to Chinese sovious about their future and

over as return to chasse sovereignty in 1997.
Britain's popularity has been declining in Hong Kong because of its refusal to grant passports to 3.24m citizens who have lost their rights of abode in the Tay mader. Buttled abode in the UK under British laws since 1962.

Asked whether a continued British refusal to issue passports would affect the UK government's ro was unusually outspoken: "In that situation it would

Police have opened an inves-

said army and police units had formed an escort for an estimated 5,000 Inkatha supporters armed with guns, knives and knobkerry fighting sticks who paraded through UDF-supporting areas of the township on their way to and from the

Yesterday's talks, which were aimed essentially at setting up a framework for a cooperative effort to defuse tension and halt the spiral of violence, were held in canera.

But a lengthy memorandum

But a lengthy memorandum issued from Ulundi indicated

directed against Inkatha must cease," Inkatha said.

ious about their future and would be resentful of being deprived of the one thing that would give them assurance and which it is entirely in the power of the British to give."

This statement will be widely seen as an attempt to draw attention to the camwhen seem as an arrenge to draw attention to the cam-paign. But there is an underly-ing important issue: Britain's colonial administrators could find their authority less readily accepted in the tense run-up to 1997.



Talks on violence in townships **Burmese schools reopen** a year after protests

By Chit Tun in Rangoon

rigation into reports that armed white men had been involved in some of the shoot-ing incidents. UDF supporters said army and police units had THE Burmese Government

THE Burmese Government started reopening schools yesterday, beginning with the primary classes. Higher levels will reopen gradually in the next few weeks.

Schools have remained closed for nearly a year because of pro-democracy demonstrations last year. The decision to reopen them is seen as politically significant and could determine the course of Burmese politics in the next Burmese politics in the next few months,

The government decided to reopen the schools after Dr Pe Thein, the Education and Health Minister, held long discussions with parents, teachers and education officials in many parts of the country.

Redenal religious

that the Inkatha delegation insisted the African National Congress would have to halt anti-Inkatha propaganda if the negotiations were to bear Regional military commanders also ensured schools had adequate text-books, furniture and teaching staff. They have often faced criticism in the past for shorthess which have "The kind of political propa-ganda which results in killing and which continues to be past for shortages which have caused serious disruptions to school work.
Not all student bodies and political parties approved of

the government's move, but students under the banner of the All-Myanma Federation of Students Unions (AMFSU),

believed to enjoy the tacit sup-port of the government, are in favour of the reopening. Student organisations allied to the All-Burma Federation of Students Unions (ABFSU), a hard-line student body not recognised by the government recognised by the government, are in the opposite camp. They complain that though the gov-ernment has held talks with parents and teachers, it has

not talked to students.

They also argue that as denial of democratic rights was the main cause of last year's student unrest, restoration of these rights should come before schools recover. before schools reopen.

The government has made it clear that it will not "look on with folded arms" if any person or organisation impedes or obstructs the students' return to the schools. This suggests it will make no

concessions to the demands of

will now step down as head of state before the constitutional end of his term in October. Angola set for IMF membership

ANGOLA looks set to become the 152nd member of the inter-national Monetary Fund fol-national Monetary Fund following a recommendation last week from the Fund's 22-strong executive board writes Stephen The recommendation, under-

stood to have been made despite opposition from the US, paves the way for Angola to assume membership some time during the summer. Its admis-

during the summer. Its admission awaits the response of member governments to the board's recommendation, which are seldom overturned.

Agreement at the executive board is usually established by consensus but in practice such decisions require a 70 per cent majority. With 19.14 per cent of the vote, the US was apparently unable to muster sufficient support for its position. entry unable to muster suffi-cient support for its position. Membership of the World Bank, available only to coun-tries in the IMF, is likely to follow. Angola has been allot-ted a quota of SDR145m (£116m).

FINANCIAL TIMES

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The Israeli army encamped in the shadow of the Crusaders

Lara Marlowe reports from Taibe on developments inside Israel's self-declared "security zone" in southern Lebanon

presence, of 40,000 Syrian troops in Lebanon. Israel is showing no signs of withdrawing its estimated 1,000 soldiers or disbanding its 3,500 strong Lebanese militia ally in the far south of the country.

Unifil (United Nations Interim Force in Lebanon) officers here report that the huge earth and concrete fortresses throughout Israel's self-declared 60 square mile "security zone" in southern Lebanon are being continually strength-

Israel's "South Lebanon Army" (SLA) militia has been re-equipped with remodelled Soviet-made T 55 tanks which the Israelis captured in their wars with Syria and Egypt.

And as a result of recent agreements between the Shia Amal movement and the Pales-

HILE arguments continue to rage over the and between the two Shia Moslem groups, Amal and the more radical Hizbollah, the number of attacks against Israelis and the SLA has decreased sharply this year. An unprecedented proportion of the anti-Israeli military activity that continues in southern Lebanon is being carried out by pro-Syrian, anti-Arafat Palestinian groups.

> In 1988 there were an average of 55 attacks against Israelior SLA targets in southern Lebanon each month. The number of attacks fell to 42 in March of this year, 36 in April and 17 in May.

The SLA is a Christian and Shia Moslem Lebanese militia operated and financed by Israel with the purpose of controlling the area held by Israel, in defiance of UN resolutions, since its 1978 invasion of Lebanon.

Because the Israeli and SLA compounds that dot the hilltops of southern Lebanon are now more strongly fortified than the Crusader ramparts still visible throught the region, recent attacks on the positions have been futile and resistance to the Israeli presence has increasingly taken the form of ambushes of convoys, roadside bombs and mines. Rockets are still occasionally fired on the compounds, but to little effect. The Israelis and the SLA

retaliate by shelling fields and villages, many of which are now abandoned. This policy has, to a certain extent, been effective. Amal, which has the broadest popular support in the region, is now in a difficult position. The pro-Syrian, Lebanese nationalist Shia movement led by Nabih Berri, himself from the southern Lebanese village of Tibnin, wants to stop reprisals against Shia civilians, but at the same time continues its rhetoric of resistance to the Israelis.

For these reasons, Amal made an agreement with Fatah, the PLO's mainstream faction led by Mr Yassir Ara-fat, in December 1988 to co-or-dinate their attacks in southern Lebanon.

by Mr Berri and Hussein Moussawi, a Hizbollah leader, in Damascus on January 30 of this year, led to the establishment of an Amal-Hizbollah-PLO committee, also to co-ordinate attacks. Security sources here said the Israelis were alarmed by the agreements until they realised that the result was fewer assaults against them. The militias' grandiosely named "joint operations room" was described by the same sources as "a man in a room with two telephones".

Hizbollah continues to distrust Amal and few Hizbollah clergy or fighters have returned to the south as permitted by the January agreement. Hizbollah has complained to its Iranian allies that Amal is not doing enough to fight the Israeli presence in Lebanon and that Amal is constraining Hizbollah A second agreement, signed

from doing so. Iran, it appears, does not want to alienate Amal, which it still considers to be a poten-tial ally in Lebanon. Iran is meanwhile strengthening ties with "rejectionist" pro-Syrian Palestinian groups, in particular Ahmed Jibril's Popular Front for the Liberation of Palestine - Canaral Command estine - General Command.

Jibril met with Ali Akbar Velayati, the Iranian foreign minister, in Damascus nists from laying sophisticated

recently. It is Jibril's PFLP-GC and the Democratic Front for the Liberation of Palestine But in spite of the pact, the (coming south from Sidon) who have carried out most of the anti-Israeli attacks in Lebanon this year.

The PFLP-GC is particularly strong in the lower Bekaa Valley and use the "Jezzine corridor" to the west of Mount Hermon to reach SLA targets at their weakest point. Righteen. Palestinians died in such attacks in March and April, but in recent weeks they have avoided casuatties by attacking the SLA further north of the

<u>Israeli</u> border. Amal fears that Palestinians backed by Iran may step up attacks in southern Lebanon and ruin the fragile balance of fear that now obtains here. To avoid Israeli reprisals, Amal

radio bombs in the path of SLA and Israeli vehicles. But in spite of its fears of retaliation, Amal is avoiding disputes with Palestinian groups, because of Arab sympathy for the intifada or Pales.

tinian uprising in the Israeli occupied territories. The motivation of the rejectionist Palestinians to increase activity in southern Lebanon is two-fold: they have been left out of the intifada and attacks on the Israelis in Lebanon are

a way of proving their anti-Is-raeli mettle. Furthermore, the rejection-ists oppose Yassir Arafat's attempts to make peace with Israel. They may find no better way to sabotage progress towards a PLO-Israeli settlement than to discredit Arafat by making armed attacks against Israeli civilians in

AMERICAN NEWS

Shocking revelations of Robin HUD and the gang

THE cast of characters would not have been out of place in a soap opera - a Secretary for Housing and Urban Development (HUD) known as Silent Sam, who blamed his subordinates for what went wrong, his glamorous assistant, who cited her Fifth Amendment rights against self-incrimination in refusing to testify before a congressional committee; an agent known as Robin HUD who claimed religious inspiration in siphoning off \$5.5m to help poor people; and an ex-Reagan cabinet member who fought big gov-ernment in office and then received \$300,000 for lobbying for a contract.
In the past two weeks even hard-

ened Washingtonians have been

shocked by the daily stories of fraud, mismanagement and political favour-tism which have resulted in the loss of up to \$100m from HUD during the 1980s. The HUD scandal dwarfs earlier episodes of sleaze in the Reagan era. Mr Samuel Pierce – who was HUD Secretary for all eight Reagan years despite once being mistakenly addressed as Mr Mayor by the former president – duly fulfilled his mandate

low-income housing.

Accounting controls were inadequate and politics replaced need as the main criterion for help. Before she pleaded the Fifth Amendment last

to cut his programme, by 70 per cent. Beyond that he did little to assist

week, Ms Deborah Gore Dean, Mr Pierce's executive assistant, admitted the rent-subsidy programme was run in a political manner with funding favouring those with "good Republi-

can support.

Enter Mr James Watt, the first Reagan Interior Secretary and foe of environmentalists, who in office denounced those "lured by the crumbs of subsidies, entitlements and the crumbs of subsidies and the crumbs of s giveaways". Back in the private sector Mr Watt received \$300,000 from consultants for making eight tele-phone calls to the department and seeing Mr Pierce for 30 minutes to secure help for a project which had been rejected. Mr Watt admitted that

he never visited or met a resident of the housing project. He conceded that "if I were a Democrat I would say Jim Watt engaged in influence-peddling". Prominent Republicans have also

been named, including Mr Frederic Bush, leading fundraiser to President George Bush (no relation) and now ambassador-designate to Luxembourg. A beneficiary as a consultant was a former Attorney General and Watergate felon, the late John Mitchell, who lived with Ms Dean's mother. The other strand is straightforward corruption. Ms Marilyn Harrell, the Robin HUD who allegedly embezzled \$5.5m to help the poor, is not alone. As much as \$20m may have been stolen by agents selling foreclosed prop-erty for HUD. The result is not only that federal money disappeared but that subsidised housing projects intended to help the poor were often rigged to exclude blacks and to assist politically-connected buyers.

Promising a clean-up, Mr Jack Kemp, the new HUD Secretary, describes the system as inherently flawed in that "when the government subsidises big developers or big defence contractors without a competitive process based upon merit, need and quality, then you're going to get into the problems [of influence-ped-dling and politics] we are trying to root out at HUD or at Defence".



Kemp: pledges clean-up in

Canadian surplus declines by C\$1bn

By David Owen in Toronto THE latest monthly trade and

inflation figures indicate prob-lems ahead for the hitherto buoyant Canadian economy. In April, the country's trade surplus declined to C\$129m (\$108m) - down almost C\$1bn in three months and the lowest for nearly eight years.

Although economists blamed "wild-card" factors including rising oil prices, the figures continue a worrying

Exports declined by 1.7 per cent to C\$11.4bn, while imports rose 0.8 per cent to C\$11.3bn. The surplus for March was

Inflation, meanwhile, climbed by 0.4 percentage points in May to reach the psychologically important level of 5 per cent on a year-on-year

About 40 per cent of the monthly increase was accounted for by the impact of

April's budget.
The figure all but put an end to speculation that short-term interest rates might be poised to fall.

Less than three weeks ago, Statistics Canada reported that the Canadian economy contracted in March for the first time since October 1986. On a half-yearly basis, Canada has enjoyed six solid years of real Gross Domestic Product

Liberals delay vote on new leader

By David Owen

CANADA'S Liberal party has voted to wait for a year before choosing a successor to Mr John Turner, a move which may harm the prospects of Mr Jean Chretien, the front-run-

ner, becoming party leader, Mr Turner announced his intention to step down earlier this year, within months of leading the party to a second consecutive general election

The selection will now be made at a party convention to be held in Calgary from June 20-24, 1990. The delay is expec-ted to give time to candidates such as Mr Paul Martin, the Quebec-based MP and businessman, to mount a more convincing challenge to Mr Chre-tien, who was a minister in the Liberal cabinet of Mr Pierre

Rewarding good households in a bad debt neighbourhood

THE latest round of and had to be topped up by Colombia's continuing struggle leading creditor banks. The lattor raise international bank est was long in gestation, finance looks set to reach a conclusion on Friday when it should sign an accord with creditor banks on about \$1.65bn in new loans.

As a debtor, Colombia remains a good household in a bad neighbourhood. But its ability to raise finance from international banks without being forced into rescheduling has been an important issue not only for the Colombian government, but also for those bankers who still insist that access to the market is worth

striving for.

After all, if Colombia – which until the turn of the year had never missed even a principal payment - cannot get international banks to deliver loans, what are the chances for the others in the neighbourhood?

Colombia's "voluntary" refinancings are always a struggle. A \$1.06bn loan which the Government began to raise in 1987 had fallen to \$3.37bn by June 7. took months to put together The rest will be drawn next

emerging publicly at the start of the year and even now has fallen short of the \$1.7hn target, with the main lenders refusing to top up the latest

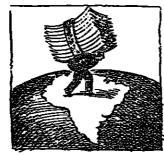
credit. The latest figures suggest the loan, which includes \$175m of floating rate notes subscribed to by leading creditors, will be \$50m-55m under-sub-scribed even after corralling some Colombian banks into the financing. The loan proper has a % percentage point mar-

gin, while the notes carry a 1½ point spread.

Nevertheless, the Government is said to be broadly satisfied. The signing should allow a \$900m disbursement in late July or early August, which should leave the Government with year-end foreign exchange reserves at about the level they were a year earlier. At the end of 1988, foreign reserves were \$3.85bn, which

 Movement is reported in the negotiations between Mexico and its leading commercial bank creditors in New York, but bankers say it is far too soon to speak of a breakthrough in the talks which started back in April. The talks are expected to provide the blueprint for the debt propos-als launched by Mr Nicholas Brady, US Treasury Secretary, in March. As much as \$6.2bn, including resources from the International Monetary Fund and World Bank, may be available to finance debt and debt

service reduction. Last week, Mexico is understood to have lowered the rate of discount for which it is willing to settle to 45 cents on the dollar from 50 cents. Its first position, rejected out of hand by the banks, called for a 55 per cent discount to face value. However, the commercial banks are said to be far from united on the response to this move. Some were highly unwilling to improve on the



LATIN **AMERICAN** NOTES

offer of a 22 cent discount, their last offer to the Mexicans The Mexican proposal is understood to have widened the net of loans for which discounts would be applicable. Their previous proposals covered discounts on some \$38bn on pre-1982 loans.

• Venezuela continues to pursue a request for a \$600m bridging loan from commercial banks, which its leading creditor banks are understood to be considering today in New

Stephen Fidler

Mexico renews price pact to counter capital flight

By Richard Johns in Mexico City

IN a surprising move aimed at preventing capital flight, President Carlos Salinas de Gortari of Mexico announced on Su day night extension of the wages and price control agreement until the end of March

During this period the car-rency will continue to be devalued at the rate of one peso a day against the US dol-lar. The controlled official buying-selling exchange rate last Friday was 2,431 for pur-chases and 2,452 for sales.

Extension of the Economic Stability and Growth Pact, agreed last December for a seven-month period, was agreed by the Government, the chief of the Business Co-ordinating Council which represents the private sector, the Labour Congress and the National Campesino Federa-

The accord was reached amid mounting complaints by the private sector about price controls and increasing difficulties faced by the trade union leadership in countering

rank-and-file discontent over

wage controls.

The timing of the announce of extreme urgency, was seen by bankers in Mexico to be dictated by the need to kill speculation about a significant

devaluation.
President Salinas also said that a key element of economic strategy would be the lowering of interest rates, which are currently at a real, inflation-adjusted, rate of 36

The Mexican Government is faced by what seems to be an insuperable problem of main-taining high rates to stop the drain of foreign exchange reserves are believed to have sunk to about \$4bn - and a mounting domestic borrowing requirement.

In this year's budget external and domestic debt servic-ing accounts for 60 per cent of anned expenditure.

The Government's statement emphasised its commitment to maintain strict financial disci-

obituary: I.F.STONE Pioneering investigative journalist

LF.STONE, who died aged 81 in Boston on Sunday, will be remembered as the pioneer of American investigative jour-

Throughout a career span-Stone displayed a tenacity and single-mindedness which infuriated his critics, who denounced him as a muckraker and pacifist gadīly. His great skill as a journalist

was to exploit the welter of raw official information available to the public in the US to expose hidden scandal. He pro duced many notable scoops but his proudest accomplishment was breaking the British quarantine in Palestine after the Second World War. as recounted in a book, Under-ground to Palestine, (1946).

The club he used to beat the US political establishment was his own newsletter, I.F. Stone's Weekly. Its circulation grew from 5,300 to more than 70,000 during the Vietnam war.

Born in Philadelphia in 1907. the son of a Jewish merchant family who emigrated from Russia, Isador Feinstein "L22y" Stone was an early supporter of civil rights and critic of US involvement in Vietnam. In the 1950s his opposition to McCar-thyism made him dangerously sympathetic to Stalin though after a visit to the Soviet Union in 1956 he said workers there were more exploited than in the West, It cost him 400 subscriptions.

In later years, his eyesight and his heart began to fail. He folded the Weckly. In 1987 be produced a bestseller. The Trial of Socrates. His conclusion that Socrates was trying to protect the conservative elite in Athens was typically iconoclastic for a man known as "journalism's Rock of Gib-

Falklands land row breaks up council

By Andrew Marshall

A ROW over overseas ownership of Falkland Islands farms has led to dissolution of the eight-member legislative council, effectively the islands parliament.
The council was split over

the sensitive question of pay-ing grants to landowners living outside the islands. The grants were approved last week and three councillors — John Cheek Wondy Tegrart and Cheek, Wendy Teggart and Terry Betts, all from Stanley – resigned on Friday. Under the islands' constitution, this necessitated the dissolution of the council by Governor Wil-

liam Fullerton.

"We felt it was totally unacceptable for Falklands taxpayers to be subsidising overseas landowners," said Mr Cheek

All government business had been transacted and the budgetary process completed, said Mr Lewis Clifton, the Falkland Islands government representa-tive in London. The disruption caused would thus be

Mr Clifton said the islands had previously planned to hold a general election on October II and this would go ahead. Holding earlier elections was problematic because the electoral roll was so out of date, he

The split reflects differences between councillors from the countryside (or "camp"), who are involved in agriculture, and those representing Stan-ley, many of whom are involved in the islands' bur-geoming fishing industry or the

service sector.

But it is also an indicator of the islanders' growing political maturity and awareness, which has led them to demand greater control over their revenue, expenditure and

Since the 1982 conflict between the UK and Argentina and the creation of a fishing zone around the islands, which has generated huge wealth, the islands have become more economically self-sufficient and gained greater political autonomy from the UK.

But there is continuing controversy over the degree to which the economy is domi-nated by overseas companies and individuals and, in particu-lar, the Faikland islands Com-pany, which is owned by Coal-

ite, the Derby-based group.
Since 1980, land owned overseas — mainly by FIC — has
been reduced from 76 per cent
to about 27 per cent of the

FINLAND ON THE WORLD STAGE.

Advertisement

Amer Group:

Driving for high market shares with a low handicap

By Victor Thorne, Helsinki

Going from strength in key markets, and with Group's management will an over-subscription of its Euroequity be putting especial empha-offering of new free A shares reflecting keen sis on the implementation international interest in its operations, well as taking full advan-finlend's marketing driven. Among Group is Finland's marketing-driven Amer Group is tage of the many opportuprofessionalism with precision acquisitions in performance, fields where it has established positions. The comments. purchase of America's sporting goods criterion, the acquisition of manufacturer, Wilson, is a prime case in point. Wilson perfectly comple-

Wilson.

the group and examined povourably during the curration. Its major businesses fact, more than doubled cess in this field, now that
tential acquisitions in areas rent financial year. And are motor vehicles, paper over the previous correct the sporting goods business
which have synergy with this goes for all of Wilson's wholesale, tobacco, comsponding period and repreis 100% in our hands.

Our special skills — and businesses and markets."

Manual description of the sporting goods business
sented 26% of net sales.

There is also potential

of the current financial financing costs. year. The purchase is a ma-

For Amer, the past finan- jor one, judged by both ments Amer's existing cial year was characterised Finnish and Amer's own profile MacGregor Golf, in by the assumption of constandards."

ness for the group and ex- in the sporting field that The group's gross sales pands our operations glo- include Jack Nicklaus, for the 1988/89 fiscal year bally. It will also return the Golden Bear and MacGre- were FIM 8.7 billion. Net

those encompass the marketing, manufacture and responding period for 1988, tional Stock Exchange in distribution of branded the first five months' regoods close to the consumer. Sults for Wilson for 1989 ki bourse, and with its perfect thing. But it was in net sales; and new financing arrangements gation that we completed its acquisition at the start company's previously high of the current financial financing costs.

Mulson seemed the show a near-30% increase ADR certificates traded in the US, Amer imports and the US, Amer imports and the US, Amer imports and the start company's previously high of the current financial financing costs.

"There is also potential munications and golf.

Listed on the Internamaine dood throughout the financial year and its capital base developed favourably. The total equity munity and the US will be seeing an increasing Amer presence in the years sells in Finland Toyota, was 0.7, and liquid assets presence in the years cars, Bridgestone tyres and year amounted to more agement structure. The "This year, the Amer Solex carburettors and, in than FIM 1.2bn.

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ing, Time/D Time/System paper merchanting and President is optimistic nothing less."

PERCENTAGES OF NET SALES Investments Division Communi-Plastics Division 3% cations Division _ Other 2% Korpi-Sporting chally ear was characterised Finnish and Amer's own by the assumption of control of acquired businesses, as well as expansion of worldwide sporting goods those already in the group's manufacturer, with operdiverse portfolio. But the ations that include the profite of several and atthetic of small and unprofitable footwear for golf, tennish of small and unprofitable footwear for golf, tennish of the group's corporate philosophy.

On the expansion side, an acquisition by Hopogee base of 4,600 Amer's an acquisition by Hopogee base of 4,600 Amer's an acquisition boosted its operations. But the real star total consideration of \$200 fthe was a perfect manifest and profit of the chicago-meritable for the chicago-merit

ing Division boosted its op- ed at the end of March for a rerations. But the real star total consideration of \$200

of the year, a perfect manimillion (FIM 860m).

For Amer, which aims gaged in the consumer flex its strengthened marfestation of Amer's market

Says Salonen: "Strate- to be big in brand names goods market and the deket muscle and to keep to strategy, was the Wilson gically, Wilson fits well and strives continually for sign and manufacture of its existing framework on Sporting Goods Company with Amer. It operates in a larger market shares, the Marimekko interior fabrics diversification.

growth business, represents entry of Wilson adds to a and clothing, as well as in a significant new core busi-glittering array of marques the plastics industry.

The group's group's strategy is to contradiction to complement its group's strategy is to contradiction.

cars, Bridgestone tyres and year amounted to more agement structure, the

Belmont brands.

Additionally, it is a and Converting Division, that come our way to do principal operator in the Korpivaara Oy (vehicles), that come our way to do communications industry the Tobacco Division, what we set out to do.

(Weiling + Goos publish MacGregor Golf Company ing, Time/Design and and the Investments Diving in our specialist markets sion.

bally. It will also return the Golden Bear and MacGressel Were FIM 8.7 billion. Net sales had increased by 29% or sales had in "We're happy with the "Last year, we actively pable management, its op- Amer as a marketing- 12%. round, we have tremensought ways to strengthen erations have developed fa- oriented diversified corpo- Overseas operations, in dous opportunities for suc-

> wherewithal, the marketthe tobacco industry, Phil- The growth of the com- ing experience and the the tobacco industry, Philip Morris's Marlboro and pany was most significant flexibility to take advanin the Paper Wholesaling tage of any opportunities

> Time/System time_sion. with top-notch brand planning systems) and in Amer's Chairman and names. And we'll settle for

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WORLD TRADE NEWS

EC agrees big cuts in Hong Kong and Korea tape duties

agreed yesterday in European Community anti-dumping duties levied last year on videocassettes and videotapes exported from Hong Kong and South Korea. The reductions were agreed

without debate at a meeting of EC Finance Ministers, following an intensive lobbying campaign over the past few months by the Hong Kong Government, which welcomed

The duties are being reduced from their former provisional rate of between 8.1 per cent and 59.3 per cent, down to a definitive rate of between 1.9 per cent and 21.9 per cent.

Definitive levies have to be paid in cash at the border, unlike provisional duties, where the exporters merely have to produce a guarantee. The duties are intended to cover the gap between high domestic prices and low export

prices. more than trip "The European Commission market share from the share from the share from the share from the share than trip has...made some significant to 27.8 per cent.

BIG REDUCTIONS were concessions," said Mr Stuart Harbinson, deputy director of trade for the Hong Kong Government. There can be absolutely no doubt that the Government's involvement has

Netherlands.

Among the Hong Kong companies hit are Swire Magnetics, ACME and Casin. The South Koreans include Goldstar, SKC and Kolon Industries

The EC producers claimed that unfair Far Eastern under-pricing forced them all to

Way cleared for ABB to buy Westinghouse Canada plants

By William Dullforce in Geneva

CANADA'S Competition
Tribunal has cleared the way
for Asea Brown Boveri, the
European electrical engineer-European electrical engineer-ing group, to acquire Wes-tinghouse's Canadian plants manufacturing transmission and distribution equipment. The sale of the Canadian

plants was included in the deal by which ABB paid an initial \$300m for 45 per cent of a joint venture in the US with Westinghouse Electric and took an option to buy the rest in 1990 for a further payment of around \$450m.

Westinghouse ABB Power T & D Company merged the elec-tric transmission and distribution operations of the two groups in North America. However, the Canadian Bureau of Competition Policy referred the fusion of the Canadian interests to the Competition Tribunal on the grounds that it would reduce competition.

ABB said it hoped to comhad a major impact on the Brassels' inquiries were

triggered by complaints from the EC's four videocassette and tape producers, Agfa Gevaert, BASF and Magna Tontrager of West Germany and PDM Magnetics of the

make losses – on average 10.4 per cent of sales – in 1987. During the two years before then, the exporters involved more than tripled their EC

The order stipulates that two plants manufacturing power transformers in Guelph and Hamilton should be operated "at arm's length" until the

Canadian Government has decided on ABB's recommendation that it reduce tariffs on imports of some large power In countering the competition policy bureau's argument, ABB suggested that competi-tion on the Canadian market

barriers to imports.

ABB's annual sales in Canada will rise from about \$280m to \$450m with the acquisition. It said it would invest heavily in Canada to broaden its product range, to increase research and development, and to compete for a larger share of

could be ensured by reducing

CIT Alcatel signs Iraqi telephone contract

CIT Alcatel of France has signed a FFr310m (\$45m) contract with Iraq to build or renoseveral Iraqi cities, writes Reuter in Paris.

The deal was signed in Bagh-dad with the Iraqi minister of communications Mohammed Hamza. The contract still depends on French government clearance. The scheme covers three exchanges in the port of Basra heavily damaged in the war with Iran and about 10 more exchanges in other

US trade optimism

US Commerce Secretary Robert Mosbacher said he would ert Mossacner sain he would be concerned by a further rise in the dollar but expressed con-fidence that, even with the higher levels that the currency reached last week, the US trade deficit will continue to

"Of course I'm concerned if the dollar keeps going up," Mosbacher told the Johns Hopkins Foreign Policy Institute. "But I'm optimistic, from a trade standpoint"

Greece reopens border Greece has reopened its side of the main Ipsala border crossing with Turkey, closed since last Thursday apparently because of a strike by customs

More than 5,000 people and long lines of vehicles, some carrying perishable goods, started to enter Turkey late last night following the four-day closure.

Tirana pact agreed

East German Foreign Minis-ter Oakar Fischer, on the highest-level Warsaw Pact visit to Albania since 1961, agreed with Tirana that relations between the two communist states were

entering a new phase.

Official reports from Tirana said Fischer was met at the start of his three-day visit by Foreign Minister Reis Malile and they agreed to build on their relations and discussed cooperation on trade, culture.

Record orders at air show confirm a buoyant market, writes Paul Betts SPECTACULAR flight display starring the Soviet space shuttle airline company. This makes CSA the second eastern bloc airline, after Juterling of Rast Germany, to order Airbus air-Buran closed a record-breaking

10 day Paris Air Show at the weekend, confirming not only the buoyant state of the civil "Don't believe people who say you don't get orders at air shows," said Mr Maurice Dixson, the managing director of British Aerospace Commertion both in the civil and mili-tary side of the aerospace cial Aircraft, which groups all BAe's commercial aircraft Deals announced at the show

involved the aircraft sector as BAs started the Paris show by announcing a \$500m order for its Jetstream twin turbowell as electronics, space and missiles systems.
Thomson CSP, the French propeller commuter airliners. BAe's commercial aircraft state-controlled defence and BAe's commercial aircraft order book currently totalled about \$2bn. But although the outlook for the industry remained good, Mr Dixson warned: "What we must be careful of in these days of booming orders are the downturns. They always come".

A French banker added another note of caution in the current euphoria. "This is a cyclical activity. The industry has been growing at present at electronics group, signed on Saturday with Mr Bob Hawke, the Australian Prime Minister, an industrial co-operation deal worth up to FF1500m (£50m) to renew Australia's air traffic

announced it had been chosen by the North Atlantic Treaty Organisation to lead a group of international electronics companies, including Plessey Electronic Systems, Siemens, Italtel, Inisel of Spain and CDC of Canada, to develop Nato's military telecommunications system called MIDS (Multifunctions Information Distribution System). Development costs has been growing at present at 10 per cent. Even if it contin-10 per cent. Even if it continues to grow by 4-5 per cent in coming years, this will none the less mean a period of stagnation and lower growth."

The problems of the Snecma-GE CFM56-3C1 engine which led to the grounding last week of 33 Boeing 737-400 aircraft cast a cloud over the shows at Le Bourget. But that

show at Le Bourget. But that did not stop the French engine company announcing a series of European alliances, includ-ing the acquisition of a 51 per cent stake in the engine divi-sion of FN of Belgium and an 11.5 per cent stake in the Norwegian group Norsk Jet Motors as well as a co-operation agree-



Star of the show: the Soviet space shuttle Buran

One of the highlights of the show was the number of co-operation agreements signed between international aerospace groups. Aérospatiale signed a long-term deal with Lockheed, while Matra announced co-operation agree-ments with McDonnell-Doug-

Aerospace industry's victory roll over Paris

Mistral surface-to-sir missiles. In the space field, the show marked the coming of age of the European Ariane rocket.
The last year and the first half of this year have been a major turning point for Ariane because we have clearly demonstrated our industrial and operational capacity," said Mr. Frédéric d'Allest, chairman of Arianespace, the commercial

European launcher. Arianespace's turnover rose to FFr3.67bn last year from FFr940m the year before. Over the past 21 months, Ariane has sent 22 satellites into orbit.

The expanding commercial applications of satellite technology was reflected in the last days of the show when a con-sortium led by Matra was awarded a FFrlbn contract by a group called Locstar to build two satellites. Locstar will provide a paging and communica-tions service for the European the tracking and sending of messages throughout Europe.
On the civil aircraft side, there seems little enthusiasm at this stage for new genera-tion airliners, with airline companies apparently content with

their existing aircraft.
The excitement over record breaking orders also seems to have died. Attention is shifting to how aircraft manufacturers will cope with the industrial problems of matching produc-tion with their bulging order

The vigorous state of the market also appears to have eased the trade tensions between Washington and Europe over Airbus subsidies. European transport ministers a compromise to be reached with the US next October.

But perhaps what the show most eloquently demonstrated with its huge crowds of visi-tors, its 1,600 exhibitors from all over the world, and its bec-tic deal making, is the enor-mous worldwide interest in what is taking place in aero-

Toyota to enter Europe luxury car market next year

By Kevin Done, Motor Industry Correspondent

TOYOTA, Japan's biggest car maker, is to enter the European luxury car market for the first time next year in direct competition with the leading European luxury car makers Mercedes-Benz and BMW of West Germany and Jaguar of

aircraft market, but the trend towards international co-opera-

radar and control centres.

The day before, Thomson announced it had been chosen

System). Development costs alone of this programme are put at \$350m and, over a 20-year period, it is expected to

Airliner manufacturers

announced more than \$60n-worth of orders. Airbus, which had earlier announced a break-

through into the Japanese sulation market with sales of seven A300-600 airliners, clinched an order for two A-310

aircraft from CSA, the Czech

trial orders.

ent about \$5hn in indus-

Mr Shoichiro Toyoda, Toyota president, said the company planned to begin exports of its planned to begin exports or us Lexus luxury car range to Burope, the Middle East and Australia in 1990.

ning their assault on the world luxury car market later this year with the launch within weeks of each other in the US of all-new luxury car ranges. The world luxury car mar-ket, the last bastion of the world motor industry left unchallenged by the Japanese, has hitherto been the exclusive preserve of a select band of

Guropean car makers Both Toyota and Nissan have opted to establish sepathe US, Toyota under the Lexus name and Nissan under the Infiniti name, but it is not yet clear what sales channel Toyota will use in Europe. Mr Toyoda said the Lexus flagship car, the V8 4-litre LS400 inxury saloon, would be launched in Japan by the end of this year, but under a differ-

The first of Toyota's luxury line last month, en route for

the US. The LS 400 and Nissan's rival, the Infiniti Q45, are the most technologically advanced cars developed by the Japanese automotive industry.

The Lexus will be launched throughout the US on September 1 through a newly developed network of 65 dealers. Nissan's Infiniti range will be launched two months later.

Earlier this month, Toyota fixed the base price in the US of its flagship Lexus LS 400 at

\$35,000, undercutting its European competitors by \$9,000-\$26,000. With all available options the LS 400 could cost \$43,300.

At \$85,000, the LS 400 price compares with \$44,000-\$45,000 for the base model Jaguar XJ6, Mercedes-Benz 300E or BMW 535i. Toyota maintains that the LS 400 more properly competes with the Mercedes-Benz 420SEL and the BMW 735i, where comparable prices are around \$62,000 and \$55,000.

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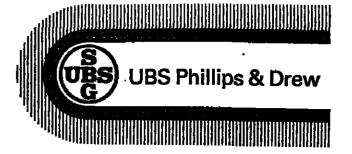
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Giscard d'Estaing

leads conservatives

to comfortable win

MR Valery Giscard d'Estaing,

the former President of the

Republic who was defeated by

François Mitterrand in 1981,

has made a significant come-back on the French political stage by leading his conserva-tive list to victory in Sunday's election to the European Par-

The result is likely to reinforce his personal leverage in the continuing struggle for

control of France's right-wing

His comfortable win on Sun-day, with nearly 29 per cent of the vote, is a clear political and personal set-back, both for the Socialist list headed by Mr Laurent Fahns, which scored less than 24 per cent, and for the the break-away centrist list headed by Mrs Simone Veil, which managed less than 9 per

which managed less than 9 per

ing. On the Socialist side, it probably does not represent a

rebuke to the government, since President Francois Mit-

terrand and Prime Minister

terrand and Frime Minister Michel Rocard are both enjoying high popularity in the opinion polls. In the centre, Mrs Veil is one of the most respected politicians in France, most widely admired for her long commitment to Europe, as well as for her commitment to the idea of a moderate political force.

Behind the scenes, Mr Gis-card d'Estaing's victory is almost as embarrassing for his

friends as for his adversaries, since it means he will be a

since it means he will be a
public encumbrance for many
years to come, and may well
attempt in some sense to claim
the overall leadership of the
French right wing.

This would be particularly
unwelcome to the Gaullist
party, which would wish to
assert its own begenony over

parry, which would wish to assert its own hegemony over the right wing, if it could only construct an appropriate vote-winning identity. One of the most revealing sights on Mr Giscard d'Estaing's victory platform on Sunday night, was the livid grin of Mr Alain

se set-backs are surpris-

Juppé, secretary general of the Gaullist party.

Yet the conservative victory is, in reality, a very relative affair. In terms of orders of

magnitude, the most striking aspect of Sunday's vote is the general failure of the "respect-

able" traditional parties to

mobilise the voters or to hold

their own against the challenge of unconventional, sin-

The abstention rate of more than 51 per cent is the second highest in the history of the Fifth Republic, the record (63 per cent) being held by last

year's referendum on the future of New Caledonia. And within the total of those who did vote, only about 60 per cent voted for the traditional politi-

cal parties ranging from the Socialists to the Gaullists.

By contrast, the Greens made a striking breakthrough with 10.5 per cent, while the extreme right-wing Front National led by Mr Jean-Marie Le Pen came in third behind the Socialists with nearly 12

In the past, the appeal of the ecological movement was pre-empted by wide-spread middle of the road support for the national nuclear deterrent

and thus for nuclear power. This consensus has been de-stabilised by Chernobyl and by

(Nice etc) 25 per cent.

gle-issue or protest parties.

EUROPEAN ELECTIONS

Election brings the greatest political fragmentation since the Weimar Republic

Big advance for far-right in W German poll

WEST GERMANY'S ultraright-wing Republican Party would hold the balance of power in the Bonn parliament if Sunday's European poll result were repeated in the general election in December

The senior German parties were yesterday digesting this uncomfortable fact as Mr Franz Schönhuber, the Repub-lican leader, held out the possibility of a future coalition with

the conservatives.

The success of the Republicans in entering the Stras-bourg parliament with 7.1 per cent of the votes follows the far-right's victories in the Berlin and Hesse local elections

The latest gains mark the largest score by a radical right-wing group in a country-wide poll in West Germany's 40-year history. This will almost certainly add to political polarisation in a country which, since 1949, has convinc-

ingly forsworn radicalism.

The Republicans' feat in reestablishing German patrio-tism as a political theme, accompanied by a raw mix of tub-thumping and wheedling on issues like immigration and

By Our Copenhagen Correspondent

THE EUROPEAN elections in

winner, but parties opposed to the country's membership of

the Common Market kept a

Sceptical Danes, worried about interference in their domestic affairs from Brussels,

voted in large numbers for groupings opposed to the coun-try's membership of the EC in

last week's elections. Results first announced yes-

terday afternoon gave the opposition Social Democrats,

who are mixed on Europe, a

one-seat gain to hold four of Denmark's 16 seats in the 518-

seat Strasbourg Assembly, while the Popular Movement

Against Danish Membership of the European Community - a motley grouping of members of

several political parties -caused a surprise by holding on to its four seats, in defiance

of opinion polls which had pre-dicted its demise.

Euro-election was the Conservative Party of Mr Poul Schlil-

ter, the Prime Minister, which lost two of its four seats. The

Conservatives are in govern-

ment in a three-party, centre-right, minority coalition with

the Liberals, who had a good election, gaining one seat. The small, pro-EC Centre

Democrat Party, which supports the ruling centre-right coalition, doubled its representation to two, while on the opposition side the marked swing to the left noted in other

By Laura Raun in Amsterdam

FOR THE DUTCH the European election results sug-

gest a neck-and-neck race between the governing Chris-

tian Democrats and opposition Labour Party in the run-up to

the September 6 general elec-

tions. The Euro-elections were gen-

erally viewed as a straw poll for the early general elections

and indicate some broad trends. The caretaker govern-ment of Christian Democrats and Liberals would lose its

governing majority now, according to the European vote, which reflects recent

opinion polls.

The biggest losers were the

Liberals, the right-of-centre partners who brought down

the government of Mr Ruud Lubbers, the Prime Minister,

Small, left-of-centre parties

which focused on the environ-

however, performed surpris-

ingly poorly, especially com-

seen as straw poll

The big loser at the Danish

high profile.

Danes' suspicion of

Brussels underlined

Community, is likely to have an effect spreading beyond West Germany's borders. Mr Schönhuber meanwhile proclaimed yesterday that the Federal Republic was simply

ecoming "normal". The Christian Democratic Union (CDU) and its Bavarian ally, the Christian Social Union (CSU), were badly mauled, registering only 37.8 per cent, down from 46.0 per cent in the 1984 Euro-poll. This was in spite of a rise in the turn-out to 62.4 per cent from 56.8 per cent

five years ago.

However, the impact of the reverse on the CDU was limited by the failure of the Social Democratic Party (SPD) to make gains, as well as by the exceptionally poor showing by the CSU in Bavaria, where the Republicans clinched 14.6 per cent of the votes.

Mr Lothar Spath, the Prime Minister of Baden-Württem-berg, previously regarded as a favourite to take over from Chancellor Helmut Kohl in the event of a resounding CDU debacle, suffered from an above-average Republican swing in his state.

It now seems virtually cer-tain that Mr Kohl will hang on to fight the 1990 election. Not

REDIBLISATOR

Republican party leader Franz Schönhuber makes his point

for the first time in his career. Mr Kohl is profiting not from brilliance but from sheer tenacity in the face of setbacks for his rivals.

strengthen Mr Oskat Lafontaine, the Social Democrat Prime Minister of the Saar, in advancing his cause as Chancellor-candidate for the SPD in 1990.

mood for rejoicing over the dis-comfiture of the Christian commuter of the Christian Democrats, admitting yesterday that the Left had suffered "a black eye".

For the first time, five party groupings, all with scores above the 5 per cent necessary for parliamentary representation, are now competing for the attention of voters: the CDII/

Mr Lafontaine's spirits were lifted by gains for the SPD in his home state. Although the party will not choose its candi-

date before next summer, Mr

Hans Jochen Vogel, the current SPD leader, may be forced to admit that he lacks the sparkle to take on the right-wing

The SPD scored only 37.3 per cent, against 37.4 per cent in 1984 — well below expecta-tions, SPD officials were in no

attention of voters: the CDU/CSU, the SPD, the liberal Free Democrats, the Greens and the Republicans. This is more political fragmentation than Germany has seen since the Weimar Republic.

As an inevitable consequence of German history, the Federal Republic will now have to prove that this is a sign that democracy is functioning—and not that democracy is losing its grip.

The result will probably Strong result may lead Spanish Socialists to tighten economy

By Peter Bruce in Madrid

materialise, with the far left, anti-EC Socialist People's Party, losing one of its two SPAIN'S Socialist Government, buoyed by its strong mid-term showing in last week's elections to the European Parliament, is thought to be preparing a number of tough fiscal measures to reign in inflation and boost revenues in the next All in all, three Danish par ties failed to win any seats, leaving six political parties now representing Denmark in the European Parliament.

the European Parliament. There was a dismal turnout of only 46 per cent of the country's 3.9m electorate, the lowest voter participation in Denmark in any poll this century. Denmark's hesitant attitude to the European Community can be seen in the results. Anti-EC parties now hold five or more than a quarter — of Denmark's allocated Euroseats; the Social Democrats, who are distinctly lukewarm few weeks.

A rise in the price of petrol, which is controlled by the state, is reported to be immi-nent and the Finance Ministry is studying a possible increase in corporate tax, which, at its

current 35 per cent, is below the Community average. The Government has already A blow for

ruling Conservatives and Lib-erals, hold seven in all. As elsewhere in Europe, the ruling PSD By Diana Smith in Lisbon

Danish European elections concentrated mainly on local issues, rather than on the ques-tion of electing Euro-MPs to represent the country in Strasbourg. Commentators see the result as a don defeat for the ruling Conserva-tive-Liberal coalition's recent tax reform programme, designed to reduce Denmark's high income taxes and drasti-

who are distinctly lukewarm

on Europe, hold four seats; and pro-EC parties, including the

on a European level, the solid performance of the Popular Movement Against Danish Membership of the EC further underlines the Danes' traditional suspicion of Brussels. **Close Dutch race**

pared with Socialists else-where Small, far-right parties

gained a little.

In general, fringe parties on the far left and right, and the centrist Christian Democrats,

fared well. This reverses the

trend in the last general elec-tions, in 1986, when fringe par-

ties lost and mainstream ones

Politicians and pundits are hesitating to extrapolate too closely from the European election to the forthcoming national poll. Voter turnout lest Thursden are only 47.2 per

last Thursday was only 47.2 per cent, the lowest since direct European elections began and about half the 85.5 per cent level in the 1986 elections. But the clear Christian Dem-

ocratic gains strengthen Mr Lubbers' hand in his efforts to

win a third term in office. Mr

Wim Kok, the Labour Party

leader, insisted on Sunday

more radical policies in the

gained.

cally cut the country's stream-lined welfare system.

Portugal's

PORTUGAL'S ruling Social Democrat PSD suffered a blow 24 seats. They took 32.5 per 24 seats. They took 32.5 per cent of the vote and nine seats — losing a seat, five percentage points and 750,000 votes compared with the 1987 result. They also took a nosedive compared with their 51 per cent landside in the general election of that year.

landslide in the general election of that year.

The Socialists (PS) ran close with 28.7 per cent, gaining six points and two seats, for a total of eight. The CDU coalition of Communists, Greens and independents gained three points and a seat for 14.5 per cent and four seats, putting the Christian Democrat CDS in fourth place, polling 14.16 per cent, losing 2 points and a seat, retaining three.

Portugal's 51 per cent turnout, the lowest since free elections began in 1975 was seen not as indifference towards Europe but as a protest by

Europe but as a protest by part of the PSD's middle class constituency against high-handedness by an overconfident government towards the financial community, manage-

ment, civil servants and the medical and legal professions. Mr Cavaco Silva admitted Sunday's result was bed for a PSD hurt, he said, by "voter incomprehension of our tax and labour reforms."

The PS are jubilant: Sunday ended their four years in Cov-entry and returned them to a sizeable share of the vote and chance to offer themselves as an alternative to the PSD in December's local elections and the 1991 general election.

The big CDU gain is partly-attributed to their young leading candidate, Mr Carlos Carvalhas, a civil service union leader with a moderate Euro-

has scored 41.5 per cent of the

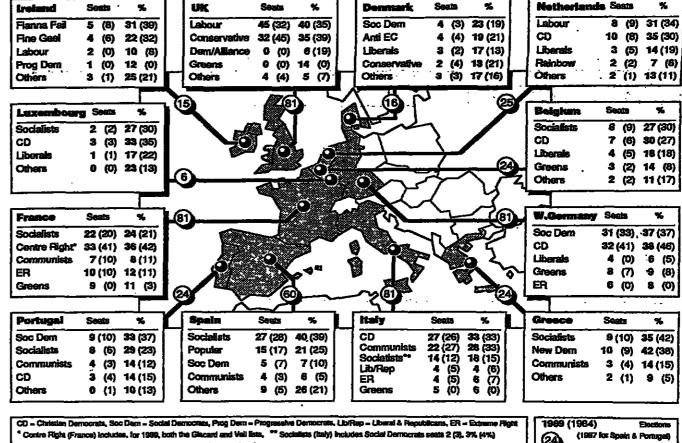
signalled its willingness to impose greater discipline on the economy by taking the peseta into the exchange rate mechanism of the European mechanism of the European Monetary System yesterday. The move will severely restrict its ability to fall back on purely monetary measures to combat inflation, now heading for just over 6 per cent for the year, and increase pressure for

some fiscal action as well. The EMS decision was taken a day after it had become clear that the socialists had performed strongly in European elections last Thursday, despite problems with the trade unions and with infla-tion. Prime Minister Felipe Gonzalez now feels he has a mandate to adopt a stiffer fis-

cal course. The Socialists lost just one of their 28 seats. The Partido Popular, the main conservative opposition party, lost two of its 17 seats while the smaller centrist rival, the Centro Democratist rival, the Centro Democratist rival. tico y Social also lost two seats, to brings its total in the European Parliament to five. The Communist-dominated Izquierda Unida won one new

seat and now has five.

How Europes major parties fared



Belgian gains go to Greens and far right

THERE were echoes in Belgium yesterday of that once-familiar Ulster election slogan "Vote early and vote often". According to a report in the Francophone daily Le Soir, some residents of the linguistically divided Voeren (or Fou-rons) commune in the far north-eastern corner of the country took advantage of a new option available to them under last year's political com-promise for the territory – and

main gains in the European elections in Belgium were made by the Greens and the far right. The Flemish speaking Green party Agalev almost doubled its vote to 8.1 per cent but could not add to its single seat in the last Parliament, while its French-speaking counterpart went up from 3.9 per cent to 5.5 per cent of the poll, thereby doubling its Strasbourg members from one to two.

In Flanders, the anti-immi-This excitement apart, the grant and ultra-nationalist

large slice of the vote from the less extreme Volksunie ~ and may therefore contribute to the latter's doubts about remainthe Christian Social Party (CVP) of Prime Minister Wilfried Martens turned in a creditable performance, going up from under 20 per cent to more than 22 per cent of the vote. The main losers were the Flemish-speaking Socialists – down from 17 to 13 per cent of

Vlaams Blok took a seat and a

ding a seat) — and the French-speaking Liberals in Wallonia who now have just three seats in the Parliament (previously As expected, Mr Leo Tinde-mans, Belgium's Foreign Min-ister, resigned to concentrate

on his Strasbourg ambitions, notably his now open cam-paign to take over from Lord Plumb as President of the Parliament. He will be replaced as Foreign Minister by Mr Mark Eyskens, a former Prime Minis-

stance, and partly to the Greens as ecological problems begin to worry the Portuguese. Greece's New Democracy claims first place

seats remain unchanged By Andriana lerodiaconou in Athens By Tim Dickson in Brussels

lic sector - took around eight THE European elections in Luxembourg produced no sur-prises. The six seats in the Grand Duchy's single constitu-ency divided the same way as per cent of the votes in 1984: three for the Social Christians, two for the Socialists and one for the Liberals. Sunday's national poll, however, represented a setback for all three major parties as vot-

ment did well, as in the rest of Europe. The Labour Party, no reason for Labour to pursue

Luxembourg constituency

ers either turned Green or opted for a new group demand-ing better pension rights for the private sector. Socialists (18).

A new partnership with the Liberal Democrats (11) is possi-The latter - known as the the five sixths party because that is the generous proportion of final salary paid in the pub-

Discussions between party leaders about the next national government were continuing last night but it is likely that Prime Minister Jacques Santer's Social Christians (who represent the single biggest bloc in the Chamber of Deputies, with 22 seats) will continue their coalition with the

is seeking to extract the tough-est possible terms this time from the Socialists.

THE EUROPEAN elections in Greece coincided with and party, polled 1.4 per cent and

Greece coincided with and were obscured by, the general Relative to the national elections, both New Democracy and Pasok lost votes in favour In both contests, the chief contenders were the conserva-tive opposition New Democof the Alliance and smaller racy party, the ruling panhelparties. lenic Socialist Movement and The novelty in the Greek the Communist Alliance for

Euro-election campaign was the Alliance, a coalition of the In both, the three parties claimed first, second and third Eurocommunist and Moscowline wings of the Greek Communist movement which, in the 1984 ballot, ran separately. In joining the Alliance, the orthodox Communist Party of places respectively.

With about one third of the votes counted, New Democracy vote with 10 seats, Pasok 35 per cent with nine and the Alli-Greece (KKE), which has generally resisted the reforms of Mr Mikhail Gorbachev, the ance 14 per cent with four.

Soviet President, abandoned its absolute position against EC membership.
New Democracy, as the

party which negotiated Greece's entry into the Community, sustains an unqualif-ied pro-EC profile with an emphasis on the efficient use of Community funds and the meeting of Greece's obligations to Brussels.

Pasok, which, after an early rejectionist period, now appears to accept that Greece's future lies in the EC, places the emphasis on the social dimension of the 1992 Single Market process and the notion of economic cohesion



Communist and Green gains strong in Italy

By John Wyles in Rome

ITALY'S five governing parties were discreetly licking their wounds yesterday after European elections which, undeniably, have been won by the old and the new opposi-tions—the Communists and the Greens.

Europa also won a resound-ing victory in Italy, with no fewer than 88 per cent of the voters endorsing the view in a

voters endorsing the view in a parallel referendum that Europe needed to be united under a single government responsible to Parliament.

The election results point to a revival of Italy's previous five-party coalition with little change in the balance.

But there is no guarantee that Mr Civisco De Mita, the

that Mr Ciriaco De Mita, the outgoing Christian Democrat (DC) prime minister, will succeed in forming a new coalition and he may have to make way for another DC nominee. Of the two domestic political victors, the Communist Party (Pci) success in halting a five-year-long electoral decline was much the most impressive and

much the roost impressive and unexpected.

"We fought like tigers... and it was uphill all the way," said a jubilant Pcl secretary, Mr Achille Occhetto, on Sunday evening brandishing a one point gain in his party's share of the vote since the 1987 general election.

the new Soviet image projected by Gorbachev. Mr Occhetto had, however, never expected to match the Pci's 33.3 per cent tally in the 1984 European elections. In last year's Presidential election, Mr Le Pen scored a sensational 14.4 per cent. In subsequent general and municipal elections, Front National scores subsided and nervous **Determined**

Neither did he really expect to hold the line at 1987's 26.6 democrats breathed easy again. Sunday's vote suggests, after all, that the right voting rules per cent in the face of a determined campaign by all other parties to equate repression in China and the bankruptcy of East European and Soviet Communism with the Pci's (proportionality) and the right issue (Europe) will reveal a substantial and durable zenophobe lobby in France. In Paris, the Le Pen list scored 14 per cent; in the Bouches du Rhone department round Marseille, 20 per cent; and in the Alpes-Maritimes

brand of ideology. For their part the schismatic Italian Greens were ruefully

wondering how many more votes they could have won if they had united around a sin-At 81.5 per cent, the voting turnout was admirably high, but Christian Democrats

but Christian Democrats
believed they had been the
main victims of the fact it was,
none the less, 2.6 points lower
than in 1984.
Both the DC (32.9 per cent)
and the Socialists (14.8 per
cent) had been misled by
recent local elections in the believing that they would do significantly better and the

could be seen as a demand that they stop quarrelling and get on with governing.

Of the other coalition par-ties, the Social Democrats lost ground while the Liberal and Republican alliance went down to disaster, polling less down to disaster, polling less than their separate strengths in 1987 and winning even less than their joint 6.1 per cent tally in 1984.

The futures of these parties is guaranteed only by an electoral system which has rewarded no fewer than 10 parties or system with sent to

sarties or groups with seats in

Irish results reflect swing to left in Europe By Kleran Cooke in Dublin

AS COUNTING continued in

AS COUNTING continued in Ireland's European elections last night it appeared that results would mirror the European-wide swing to the left. The left-wing Labour Party and the Euro-Communist-style Workers Party both won seats in Dublin at the expense of the governing Fianna Fail Party and the Fine Gael opposition. Ireland has 15 seats in Strasbourg and most indications pointed to a further drop in the vote for Fianna Fail, with the possibility of the party losing two or three of its eight seats.

seats.

The European election results are likely to be a further setback to Mr Charles Haughey, Prime Minister. In general elections last week Mr Haughey failed to win the majority he wanted and Fianna Fail are now being forced to seek some form of alliance with other parties.

Mr Patrick Ryan, the former missionary priest who was at the centre of an extradition row involving Ireland, Belgium and Britain late last year, made an unexpectedly strong showing as a candidate mainly against British policy in Northern Ireland. He failed to gain election but gained more than 30,000 European votes.

In Northern Ireland, Ren.

In Northern Ireland, Rev Ian Paisley, standing as an independent candidate, again won a seat at Strasbourg, though with a considerable work. Mr. John Hunn of the vote. Mr John Hume of the SDLP won his best ever vote in gaining re-election. Mr Jim Nicholson of the Ulster Unionists Nicholson of the Ulster Unionists won the other Northern Ireland Euro-seat.
Sinn Fein, the IRA's political wing, saw its vote alump from the last time around.

UK Conservatives cannot ignore their disappointing results, writes Philip Stephens, Political Editor

there were a few sighs of relief minister yesterday. The Gov-ernment had done badly even Mrs Margaret Thatcher admitted that she was disappointed - but not quite as badly as some had feared.

badly as some had feared.
So as Mr Neil Kinnock, the
Labour leader, proclaimed his
party's triumph, the more farfetched speculation about
instant and radical cabinet
shake-ups or policy U-turns
was beginning to subside.
The message from 10 Downing Street was that it was not
Mrs Thatcher's style to be panicked. Though well attuned to

Mrs Thatcher's sayle to be panicked. Though well attuned to the art of the possible, the Prime Minister believes in conviction politics; and that a "resolute" approach will in the end win the votes if not the hearts of electors. The European result, which showed the Conservative share of the popular vote at its low-est this century, cannot simply some, at least, of the personali-ties will have to change.

The shock came from actually losing an election. The past triumphant decade has not left Conservatives accus: tomed to defeat - or to allowing the Labour party to present itself as a credible alternative government. The collapse of the centre

parties — with their vote apparently shared mostly by Labour and the Greens — means that it now looks now possible for perhaps the first time during the 1980s for the government to lose a general election.

As one minister put it: "Labour now has sufficient credibility for us to bequeath them a general election if we really meas it up."
So if the government's policies are to remain the same, many ministers are persuaded

Despite Mrs Thatcher's public statement last week that she had not yet turned her mind to ministerial changes, the consensus is that the pressure for a cabinet face-lift sooner rather than later is unlikely to subside. That

Though the Prime Minister herself set the strident tone of the European campaign, the shake-up looks likely to aim both to reassure the country that the government is keeping its nerve and to give it a softer

points to a reshuffle next month rather than in Septem-

Speculation yesterday was focusing on the replacement of Mr Peter Brooke as Conserva-tive Party chairman with a cabinet "heavyweight" given party's confidence and shake-up its image-makers. In fact, Mr Brooke was due to move even before the results of the European poll. Mr Norman Fowler, the Employment Secretary, Mr John Major, the chief secretary to the Treasury, Mr Kenneth Baker, the Educa-tion Secretary, and Lord Young, the Trade and Industry Secretary, have all figured in the (extremely unscientific) betting at Westminister as his

For the party's public image, however, the more important changes will be in the key departments. Here the possible permutations — each the sub-ject of intense speculation —

In so far as there is a cons nso far as there is a consen-sus, the general view is that despite his renewed hostilities with the Prime Minister over exchange rate policy, Mr Nigel Lawson, the Chancellor, will

stay on. His colleagues insist that although the attempt failed, both the Chancellor and the Prime Minister did make an effort last week to call a truce. Mr Lawson is said to be anxious to preserve his reputation by getting inflation back down, and Mrs Thatcher is thought to be reluctant to sack him. The European defeat may

Howe's chances of staying on as Foreign Secretary.

Mr Douglas Hurd at the Home Office may be a more likely candidate for reshuffling, but the serious money at Westminister is on changes slightly lower down the cking order

also strengthen Sir Geoffrey

The surge in support for the Greens makes Mr Nicholas Ridley's days at Environment look distinctly numbered, with Mr Major, and Mr Chris Patten, the Overseas Aid minister and

a favourite for promotion to the Cabinet, tipped as candi-dates to replace him.

Other potential casualties of an attempt to freshen the Goverment's image are Mr Paul Channon at Transport and Mr John Moore at Social Security. Mr Cecil Parkinson, the Energy Secretary, is tipped for a number of possible options, including merging his present department with the much larger Department of Trade

and Industry.

Overall, the aim will be to put rising, telegenic stars in key positions like environment and transport, without giving the impression that the Government is being pushed into panic reactions.

from sanguine that such a shake-up will be enough to restore the fortunes of the Con-servative Party in the short

But while confirmation of the win was awaited, news came through that Cheshire East, with a previous Tory majority of nearly 20,000, had been narrowly won by Mr Brian Simpson for Labour. By the time Ms Anita Pollock unexpectedly snatched London South West for Labour from Dame Shelagh Roberts, Mr and Mrs Kinnock were on

fall to Labour.

The morning brought trium-phal declarations of political sea-changes and certain gen-eral election victories, as well as instant dismissal of any theory that the Tories might be suffering the usual "mid-term

But if the reality is not quite so conclusive, the euphoria within a party without a national poll win for 15 years was entirely understandable.

Labour had calculated that, by the end of its ten-week can paign, it would make between four and six gains in the Euro-pean parliament elections. Some party workers had suggested it could take up to ten seats but the leadership, anxious to avoid any apparent set-back in Labour's steady revival, called for caution in

making predictions.
While captured seats like the South of Scotland, Cleveland and Humberside had been high on the list of possible victories, gains in constituencies like Bristol, Leicester and Midlands Central had not figured in the

No one within the party had dreamed that, by yesterday lunchtime, the satisfaction of Labour's victory would be sealed with an ironic, mathematical reversal in which the number of seats held by the two major parties would be neatly switched.

Labour took 6.1m votes, or just over 40 per cent of the votes cast nationally. In the process it wiped out Tory representation in Scotland and Wales. The Tories polled 5.2m votes and 34 per cent of all voles cast.

Unexpected triumph

gives Labour cause

for rare celebration

By Michael Cassell, Political Correspondent

IT was early news of a spectacular win in the Chesh-ire East euro-constituency

which told workers at Labour

Party headquarters in south London that they were in for a

party's north-west regional organiser that the adjoining

Cheshire West seat, where the Conservatives were defending

near_10,000 majority, could

far better night than they had dared to think was possible.

Volunteers at Walworth Road had already been alerted in a telephone call from the Compared with the last European elections in 1984 La-bour achieved a swing of just over four per cent, although it rose above nine per cent when compared with the 1987 general

The party at once moved to capitalise on its win, placing particular emphasis on its ability to pick up votes in those areas of the country where it needs to restore its electoral appeal if it is to win the next

general election. In the Midlands, Labour registered an 11 per cent increase in its share of the vote, the same swing achieved in Lon-don. Among its London victo-ries, it took London North, the seat which embraces Mrs hand to join in a rare night of

Thatcher's own parliamentary constituency of Finchley. Originally, there had been some fears that seats like Lon-don East, which embraces Docklands, could have succumbed because of advancing "Yuppiefication" but Labour eld on comfortably, as it did in other seats once regarded as potentially vulnerable, like London South Inner. Against the trend however, there was a 0.3 swing to the Tories in Labour-held London Central. All the results, however,

come with the usual political "health warnings." These elec-tions, unlike the last for the European assembly, come near the mid-way point in the life of the government. The total turnout, although slightly up at 35 per cent, was still less than half the level at the 1987 general election

Mr Kinnock yesterday quoted the psephologists' sug-gestions that, if repeated at a general election, Labour would be returned with an overall majority of 20 seats. He believed, however, the party would do "slightly better" than

But whatever the pundits and pollsters now predict, Labour's performance has provided a perfectly-timed boost to its step-by-step programme for national recovery, following its policy review and several

important by-election victories.

Greens surge into third place in UK

By Philip Rawstome

ONE OF the most remarkable surges of electoral support ever seen in British politics brought the Green Party more than 2m votes - 15 per cent of the votes cast, compared with 0.5 per cent in 1984.

At the very least, the move ensures that conservation and environmental issues are now more firmly placed on the political agenda. The big par-ties will ignore them at their

But by inflicting wholesale damage on the Democrats (SLD) and Dr David Owen's SDP as they moved into third place behind Labour and the Conservatives, the Greens may have laid the basis for a more permanent place as a political force. Party membership is increasing at the rate of 250 a

Their situation contrasts starkly with the further col-lapse in support for the SLD and the SDP – now a bedrag-gled shadow of the Alliance that fought the last General

Some veteran politicians dismiss the Greens as a passing political phenomenon. Mr Norman Tebbit, former Tory Party chairman, yesterday derided them as "the new dusthin

Leading members of the Green Party, in high euphoria, however, insist that candidates made absolutely clear to voters that their election programme included such policies as the abandonment of nuclear weap-ons and withdrawal from Nato. Many of their political rivals also acknowledge that the fact that 2m votes would have brought the party some 11 MPs under a system of proportional representation is likely to provide support for the campaign to change the British first-past-the-post electoral system. Mrs Sara Parkin, co-secre-tary for the European Greens, said the British Greens would be working closely in a recbe working closely in a programme with their European counterparts to ensure that Green pressure was put on the British government. She said voters had evidently seen through Mrs Thatcher's "green

mmitment". Whatever the Green Party's have ensured a further bout of recrimination in the SLD and the SDP which puts their pros-

pects into more doubt.

Mr Paddy Ashdown, the



SMILING VICTORS: The Greens David Icke (left) and Labour's Neil Kinnock savour their parties' results

result - bitterly disappoint-Asked whether he thought much of the problem stemmed from bickering with the SDP, he said: "I certainly do not think that has helped in the elichtest."

Mr Ashdown yesterday wrote to all SLD constituency parties urging them to "stick to our course and remember our strengths.

"This is a time to hold our nerve," Mr Ashdown said. "We are on the right track... We are the only party that has already shown its commitment to the protection of the envi-Mr Paddy Ashdown, the Democrats' leader, admitted yesterday that with barely Im votes - 6.5 per cent - it had been "a very disappointing of the protest, but as a programme for action in government."

Dr David Owen, whose SDP vote was reduced to 75,000 -

the 0.5 per cent level held by the Greens in 1984 - claimed that the centre vote, in which he included the Greens, was still near 20 per cent and showed that British had not yet returned to two-party politics.

The Greens would retain a significant vote through the next general election, he pre-dicted. "It has benefited from the demise of the Liberal Party's identity.

It can now be seen that the strength of the 1981-87 Alliance

was its capacity to harness together two distinctive strands of political thought — Liberalism and Social Democ-

racy."
When "the shine came off the Green vote" the SLD and SDP would pick up support.

Paisley top in Ulster

THE Rev Ian Paisley, Democratic Unionist leader, and Mr John Hume, leader of the nationalist Social Democratic Labour Party, were both returned on the first count in Northern Ireland yesterday. Mr Jim Nicholson, the Ulster Unionist, took the province's third seat, being elected on the

second count, after Mr Paisley's surplus votes were redis-tributed under the proportional representation system.
It means the breakdown of

party representation remains unchanged. The turnout of

of 133,703. Mr Paisley topped the poll, receiving 160,110 votes, and Mr Hume saw a 4 per cent increase in his vote, which gave him 136,335 first Mr Danny Morrison, Sinn

Fein, scored only 48,914, blaming the broadcasting ban and Mr Hume's popularity with the media as a "super European".

Mr Laurence Rennedy, the Northern Ireland Conservative candidate, received 25,789 first preference votes, just over 2,000 less than Mr John Alderdice, the moderate Alliance

UNITED KINGDOM RESULTS

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Stevenuge, Hertfordshire West (551,255)
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34,5% L AN 32,0% Maj. 9,0% Poll 31,6%
BERMENGENIAM EAST All 22.0%, Maj. 6.0%, Poli 31.6%, Edgbeston, Erdington, Hall Groon, Hodge Hill, Northfield, Soldy Oak, Small Heath, Sparkbrook, Vardley (531.051) (Ara C McCreatey Lab 96,588 M J C Harbour C 49,540 P Simpson Grean 22,699 J C Stree SUP 54,54 J M E C Roochouse Sup 5,44 J M E C Roochouse Sup 5, Addridge-Brownbills, Ladywood, Perry Serr, Sutton Coldifield, Walsall Korth, Walsall South, West Bromwich East, West Bromwich West (S15,817)

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Mingen, Wyre (201.000) IR PLANTING Link 1 1,100 April 1 1,000 April 1 1,

S1.2% LANCASIETE EAST
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(P2.740)
H Hendley Lab 95.926 R W Sturdy C 57.778
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Marvickabirs North, Nunsaton, Fruitand & Mellium (S79,050)

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1984 Marshall C 74,846 Large Lab 82,938
Skinner L All 31,344 Laing Ecology 4,842 Med,
4,853 C 41.4% Leb 38.7% L All 17.3% Ecology 2.8% Med, 2.7% Poll 32.0%
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D Lambert Green 26,969 S Banks SLD 9,575
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Mal, 40,755 Poll 27,25% No Change
1894 Losmac Lab 79,907 Sateheter C 27,242
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Losmac Mal, 40,756 Poll 35,25%
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Brant Ecol, Brant North, Brent South, Harrow
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E Filindell Green 28,275 C D Noyon SLD
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C msj. 7,400 Poll 35,75% No Change

Lord Septial C A,900 A, it forces List Jobs 1,001 10,553 C mai, 7,400 Poll 35.7% No Change 1994 Seched C 58,503 Healy Lab 62,581 Kelleringham L All 29,509 Mei, 7,422 C 43,1% Lab 36,8% L All 18,9% Mej, 4,5% Poll 31,2% LORDON SOUTH & SURREY EAST Carstellon & Watlington, Croydon Control, Croydon South, Surrey East, Religate, System & Cheesen (455,42) C J o Moorhouse C 78,268 R J E Evang Lab 47,400 G F Brand Circen 31,504 P H Bitterness SLD 14,987 C mej, 30,818 Poll 34,7% No Change 1994 Meyorhouse C 82,122 Meckinlery Lab 57,465 Perry L Afl 34,522 Mej, 44,637 C 51,3% LoNDON SOUTH EAST, London South, Berty Mej 20,000 Poll 30,5% LoNDON SOUTH EAST, Chiefehurst, Eltyam, Ertth & Crayford, Greenwich, Old Bestoy & Sidoup, Orpington, Ravensbourne, Woolwich (558,615) P M Price C 60,619 D J Earnehow Leb 73,029

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EUROPEAN NEWS

Cautious Germans turn green at genetics research

Environmental fears stall chemical groups' advances in biotechnology, writes Peter Marsh

OULD you like to asks Professor Hansgeorg Gareis, board member for pharmaceuticals at pharmaceuticals at Hoechst, the big West German chemicals group.

The question is tinged with irony and not a little bitterness. Prof Gareis is talking about a gleaming new DM65m (£21m) chemicals plant which for the past two years has been mothballed because of objections from environmental

The story behind the delay touches on the deep gulf between West Germany's chemicals industry, the biggest in Europe, and environmental groups who accuse the business of not being sufficiently rigorous on pollution control.

In the case of the Hoechst plant, a mass of steel tubes and pressure vessels which fills a five-storey building in the middle of the company's main production complex in Frankfurt, there is an added dimension. The factory is intended to be West Germany's first full-scale substances using relatively novel methods of genetic engi-

neering.
This technology is thought some chemical-industry critics to be fundamentally unsafe although the fears are dismissed by most scientists.
The row over the Hoechst which may determine to what

degree genetic engineering and

other novel biotechnology methods become accepted in

Germany over the next few How the battle progresses important not only to Hoechst but to the other two big Ger-

man chemicals companies,

By Leslie Colitt in Berlin

EAST GERMANY'S leader. Mr

Erich Honecker, agreed to ease

contacts between East and West Berlin yesterday at a meeting with West Berlin's

governing Social Democratic Mayor, Mr Walter Momper.

West Berliners will be allowed to enter East Berlin

and East Germany under a

greatly simplified procedure and will be able to spend up to

48 hours in two adjacent East

Move towards freer Berlin

Bayer and BASF. They are the three largest companies in a world chemical industry which is likely increasingly to turn to biotechnology during the 1990s to make new and existing products more efficiently.

All three German groups have hinted they may choose to site at least some of their new chemical plants in other countries if genetic engineering and other novel technologies continue to be looked upon unfavourably in Germany.

a set of techniques, including genetic engineering, which have been devised in the past 15 years for manipulating tiny ological fragments in plant or animal tissue.

The methods are based on swapping around the genetic building blocks which regulate the body's growth and the way people and animals transfer some of their biological characteristics to their offspring.
These techniques are highly

applicable to making drugs and other health-related products. With the new procedures, scientists can splice small strands of genetic fragments into naturally occuring organisms such as bacteria.

Depending on the genetic instructions coded into the fragments, these organisms proceed to manufacture large quantities of biological substances which may be useful as drugs or other chemicals.

In the case of the Hoechst plant, scientists intend to breed in it large volumes of grammed" to make a synthetic secreted naturally in the body and which plays a vital part in regulating human metabolic

Synthetic insulin, for which there is a world market estimated at some \$750m a year, is in increased demand for giving to people with diabetes whose bodies do not make enough of the substance.

Hoechst believes its insulin plant is perfectly safe and should prove a more efficient



been involved in genetics research from its inception, blames the highly democratic nature of Germany's legal system, put in place after the Second World War to guard against any return to a dictatorship, for the impasse over Hoechst's

method for making the product - which until recently has mainly been obtained from ani-

The company also points out that its genetically-based production technique largely repli-cates what Eli Lilly, a US drugs group which is the world's leading insulin supplier, has been doing for several years with little fuss in its own plant in Indianapolis. That does not satisfy Ger-

man critics of genetic engineering, who come largely from a series of radical groups, some of them associated with the

this kind may be inherently unsafe. It could lead to the escape of genetic mutations Prof Gareis, one of West Germany's most distinguished industrial scientists and who has

believe genetic engineering is

ethically unacceptable on the

grounds that it interferes with

some of the most basic aspects

A more pragmatic argument

that biological tinkering of

of the life process.

chemicals facility

which might disrupt aspects of

plant or animal development.

Most people in the scientific community believe such fears are far-fetched. No horror stories of this kind have so far emerged in the US where most commercial applications of genetic engineering have taken But few scientists are pre-

pared to state categorically that unpleasant side-effects to the technology will never hap-pen as the still-infant discipline develops over the next The Hoechst plant has been

delayed by objections filed to

Many of these objectors which has jurisdiction over planning matters in the Frankfurt area.

There is little doubt, however, that the objectors have significant allies elsewhere in Germany. Much of German public opinion, influenced by the rise of the Green Party and by politicians and media representatives strongly susceptible to environmental arguments, is suspicious about the future social impact of genetic engineering and also about the environmental effects of the

chemical industry generally.

This stance infuriates the German chemical companies which point to their generally good record on environmental issues and to the increasing sums they are spending on environmental measures. Cash spent by the industry on pollu-tion-related measures such as systems for disposing of wastes is now running at about DM5bn a year, including capital and revenue costs.

The genetic engineering issue surfaced last year, just as the Hoechst saga was unfokl-ing, when BASF decided to site a new \$40m biotechnology lab-oratory not in Germany but in Massachusetts. One of the factors, the company admitted, was the poor social and politi-cal climate for this type of research in its home country.

The decision is thought to have worried political leaders, including Chancellor Helmut Kohl, on the grounds that the hostile atmosphere towards the technology could mean Germany lost out in a field which might turn out to be highly important commercially.

The poor reception given to

genetic engineering certainly concerns Prof Gareis, who is

one of Germany's most distin-guished industrial scientists and who has been involved in the discipline virtually from its inception. Prof Gareis blames the highly democratic nature of Germany's legal system for the impasse concerning

Hoechst's facility. Much of this was put in place after the Second World War to inject into planning processes a large element of public participation as a way of ensuring the country could not return to a dictatorship.

"The process has gone too far," says Prof Gareis. "You can't stop everything just because a small group of peo-ple object."

Even more closely affected than Prof Gareis by the delays to the Frankfurt plant is Mr Frank Schmidt, a 32-year-old biologist who is a laboratory leader at the factory.

He has worked there since it was completed and is resigned to its lack of operation - apart from making small quantities of material for research rather than full production - until at least 1992. Mr Schmidt has given

groups of objectors tours of the plant and is dismayed by their lack of scientific knowledge. He says they do not listen to reason and that the delay is harming his career. "The whole situation is confusing

and silly," he says.

As for Prof Gareis, he says that if Germany persists in its general attitudes towards biotechnology, Hoechst and other chemicals companies will put their pass planta in Japan or their new plants in Japan or the US. "But I hope this won't happen. The politicians will have to listen to our argu-- but not that crazy," he says

Top Soviet official sharply criticised

By Quentin Peel in Moscow

A NEW FRONTIER of glasnost was crossed in Moscow last weekend, as a leading government newspaper launched a scathing attack on a top communist party official nominated to be one of the most important members of the new

Soviet Government.

The victim of the onslaught was Mr Gennady Bogomyakov, regional party boss in the vital oil and gas-producing zone of Tyumen, in western Siberia, and now proposed by Mr Niko-lai Ryzhkov, the Prime Minister, to become the new minister of oil and gas.

At any other time in decades of Soviet rule, Mr Bogomyakov could have hoped for a straight ride into his ministerial limousine from here on.

After more than 15 years' service as party chief in a key province, he was being summoned to the big time in Moscow. Confirmation by the Supreme Soviet should be a

mere formality.
Instead, be found himself the target of a diatribe in the columns of nothing less than Izvestia, the official newspaper of the Soviet Government.

The gist of the attack was that Mr Bogomyakov had turned his region into a social and environmental wasteland, in his hectic drive to develop the gas and oil fields. Housing, health, culture and social ame nities had all been ignored dur-ing the party leader's rule, a special correspondent for the

newspaper wrote.
But the most damning indictment came only last autumn. A string of party

organisations at factories and other enterprises refused to nominate the first secretary to stay on the party committee. Among his opponents were

even members of the local KGB." he said. When he finally came up for election at the regional party conference in December, he was opposed by an unprecedented 20 per cent of the mem-bers. Worse was to come. When he stood unopposed - to become a member of the new Congress of People's Deputies, Mr Gorbachev's super-parliament, last March, he failed to get even 50 per cent votes in favour, and was

scratched from the poil. Imagine the surprise, there-fore when the people of Tyu-men saw their party boss hadbeen nominated instead for such a lucrative post in the new-look Soviet Government, by none other than Mr Ryzhkov himself.

In the old days, Mr Bogomy akov might have laughed it off. But this week he has to face confirmation from people's deputies who did get popularly elected - even if some were more popular than others.

The committees and commis-

Soviet began sittings yesterday to consider members of the new administration, from which more than 50 ministers have been axed, and 25 minis tries removed for good. The party boss from Tyumen was supposed to be one of the new generation. It seems, for once, that questions may be asked in

Moscow outlines arms priority

By William Dullforce in Geneva THE NUMBER ONE issue for Moscow in the nuclear arms talks with the US is to reach understanding on the link between a 50 per cent cut in the numbers of strategic missiles and observance of the 1972 anti-ballistic missile (ARM) treaty, Mr Yuri Nazar-kin, the Soviet Union's chief

negotiator, said here yesterday.
He spoke after his first meeting with Mr Richard Burt, the US chief negotiator, as the two entered the 11th round of talks on long-range nuclear weapons and space defences. Differences over the linkage

the formula agreed by former President Ronald Reagan and President Mikhail Gorbachev at their Washington summit meeting in December 1987, Mr Nazarkin said. The Soviet Union claims the US agreed then to continue observing the ABM treaty,

which strictly limits defences against ballistic missiles. President Reagan later argued for a "broad" interpretation to enable the US to continue with his Strategic Defence Initiative and eventually deploy anti-bal-listic weapons in space.

Solidarity landslide in Polish second-round elections

German districts. East Germany and West Berlin agreed to co-operate on environmental protection, culper suggested both sides pro-pose that the Olympic Games should be held jointly in East and West Berlin in 2004.

It was Mr Momper's first meeting with Mr Honecker since he took office as Mayor

By Christopher Bobinski in Warsaw SOLIDARITY has captured all

but one of the 100 seats in Poland's Senate and each of the 161 seats allocated to non-Communist and allied party members in the 460-seat Sejm, the lower parliamentary cham-ber, unofficial results after a second round of voting show.

The turnout in the second round at 25 per cent was low on a day which was mainly

devoted to choosing candidates' for the seats reserved for the established parties including the Communists in the Sejm and races for eight still unfilled

Senate seats.
It was only in Pila in northwestern Poland that Mr Henryk Stoklosa, a former Communist party member who since 1982 has turned his hand to manufacturing animal feed

additives with considerable financial success, managed to wrest a seat from Solidarity. Next week the Communist Party's Central Committee is due to meet to discuss the party's candidature for president, expected to be Gen. Wojciech Jaruzelski, the party leader. The Communist Party and its allies should have enough of a majority in the

Seim and Senate combined to elect him president.
The Solidarity-dominated Senate has the right to amend Sejm legislation and the results of the elections mean that the authorities no longer have the two-thirds majority they need in the Seim to over-turn such amendments, leaving legislation from now on at the mercy of a Solidarity veto.

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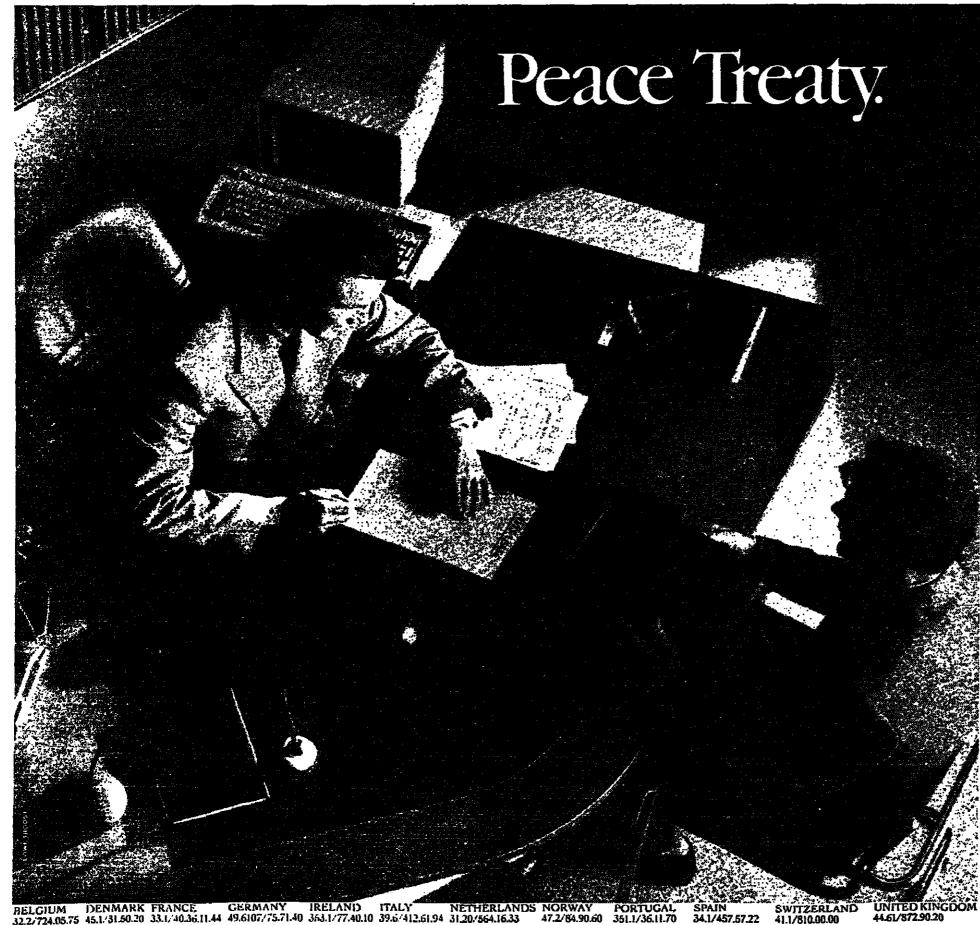
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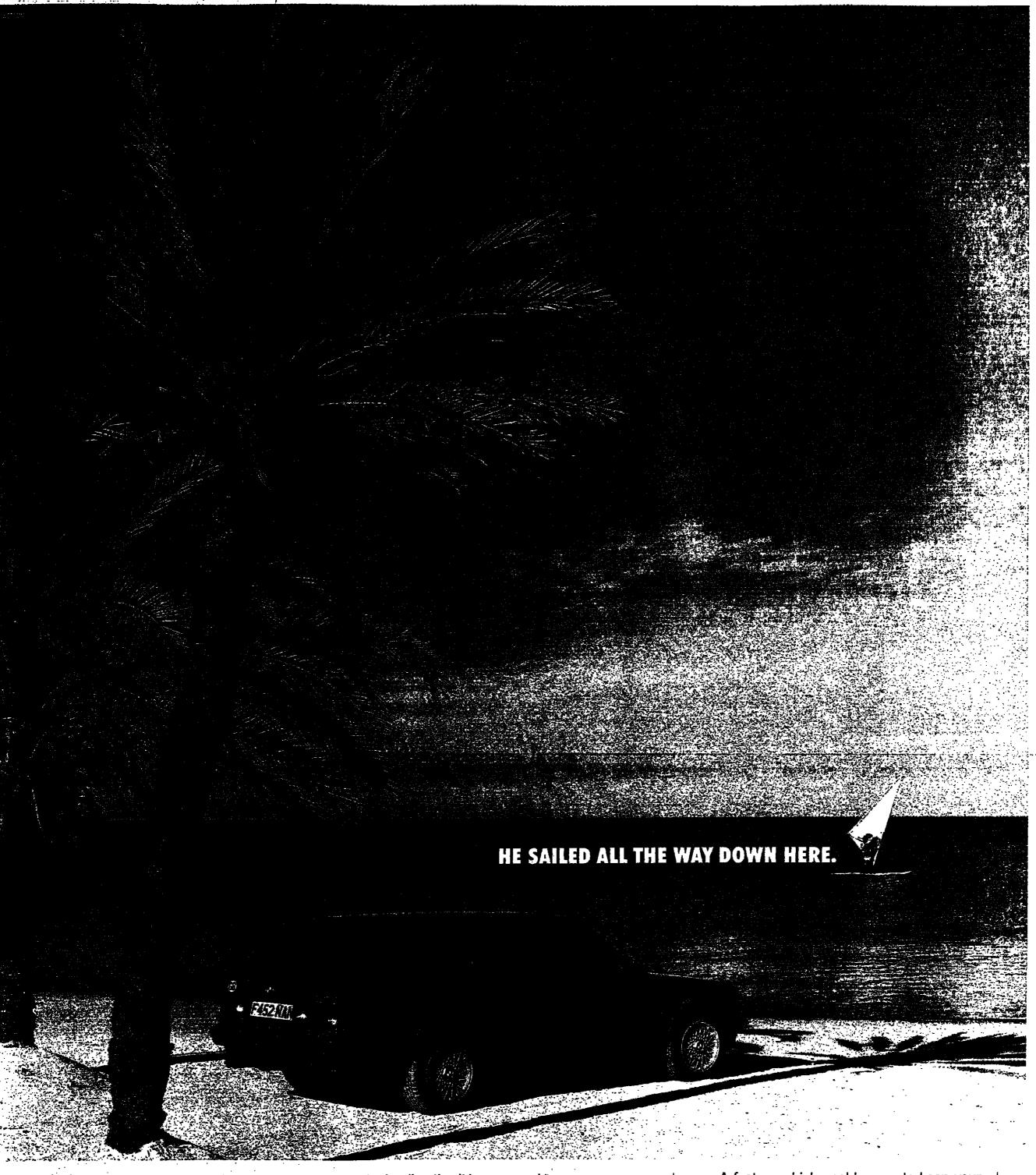
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UK NEWS

Britain faces rail strike unless court issues ban

By Fiona Thompson, Labour Staff

BRITAIN faces a national rail strike from midnight tonight unless the Appeal Court this morning grants British Rail an injunction outlawing a 24-hour strike by the National Union of

In the High Court yesterday, Mr Justice Vinelott refused to

grant BR the injunction.
BR made its application on the grounds that the NUR had not properly conducted its ballot, but the judge said that a fair evaluation of the evidence put forward by BR did not "come anywhere near" justifying the granting of an injunc-

NUR members on London Underground are also set to strike from midnight tonight despite the NUR agreeing to go to the Acas conciliation service this morning to discuss the dispute its members have with Underground management. "Time is against us." said

the NUR yesterday. "We've wasted several critical days through BR's astonishing action which has rebounded largely on London Under-

In the High Court, Mr Jus-tice Vinelott said he would not be justified in concluding that there was any real possibility, on BR's evidence, that it would succeed at a full trial.

"However strong the public interest and serious losses to BR, they cannot outweigh the absence of any substantial ground for granting an injunction," he said.

British Rail claimed that it had received numerous complaints that NUR members had not received strike ballot

However, the judge said that even if some union members had not been given the opportunity to vote on the action, this would not have invalidated the ballot because their votes would not have altered the overall decision to call the

The NUR balloted its 70,000 members on taking strike action over a rejected 7 per cent pay offer and the abolition of national pay bargaining. In a 70 per cent turnout, the rail workers voted by 29,675 to 20,704 for a series of 24-hour

In a 50-minute judgment after a three-hour hearing, the judge said there was no sugges-tion of any dishonesty in the union's alleged failure to ballot

British Rail had taken an "extreme stand", claiming that even an inadvertent failure

invalidated the ballot.

But the judge disagreed. He said that over the weekend the NUR had collected an "impres

sive body of evidence." Much of the BR evidence checked by the union had been shown prima facie to be

The judge said BR's evidence was "largely indirect" - the NUR pointed out that there was no evidence that those who said they were not given the opportunity to vote were

actually interviewed.

"There is a very hig difference between saying that a member has not been given a voting paper and saying he was deprived of the opportunity of voting," said the judge.

"There is no room for doubting the validity of the ballot in this case." he said

this case," he said.

BR's appeal will be heard this morning by Lord Donaldson (Master of the Rolls; the most senior of the Law Lords), Lord Justice Butler-Sloss and Lord Justice Stuart-Smith.

The three judges were told last night that it would be essential for the appeal result

to be known by 1pm today.
Mr Paul Watkinson, BR's
employee relations director, said after yesterday's court rul-ing: "We fell at the first fence, but one fence does not make a

Stewards call off wildcat docks strike

By Jimmy Burns, Labour Staff

THE 12-day unofficial docks strike was called off yesterday by shop stewards after more than 2,000 dockers at Tilbury, Garston and Liverpool voted to return to work by today.

The stoppages were called off as the House of Lords began to hear an appeal by the TGWU transport union age an Appeal Court ban on official docks strike action. The National Association of

Port Employers (Nape) pre-dicted that from today there would be "business as usual" throughout Britain's ports.
It added: "We are glad that
the dockers have realised the futility of their strike action."
Mr Jimmy Nolan, the unofficial strike leader, warned that if the House of Lords ruled against the union, there would be further strike action.

Mr Nolan said: "It all rests on the House of Lords. If they fall us, then the strike will be back on again and I am con-vinced that each registered docker in the country will join

In Tilbury, however, some shop stewards privately con-ceded that the the refusal of dockers in at least two key ports - Southampton and Hull - to continue working last week had limited the impact of

the unofficial strike.

They indicated that even if the House of Lords ruling went against the union, they would not immediately back another unofficial strike. unofficial strike.

The next stage in the dispute, after the court case, is likely to be made clear at the union's annual conference

A motion before the conference from delegates urges a future Labour Government to preserve and extend the Dock Labour Scheme which Mrs Thatcher's Government is committed to abolishing next month. The scheme regulated employment and working con-ditions at 64 British ports.

The motion is likely to lead to a major and potentially acri-monious debate about the union's handling of the dispute during which there were strong calls for national strike action.

Mr John Connolly, the national docks officer, said that his union could not decide on whether or not to hold another strike ballot until the House of Lords had made its

TGWU officials are insisting,

however, that a new strike ballot will be organised if the House of Lords rules in the unions' favour.

They remain confident that a renewed strike call in support of a nationally-negotiated agreement with employers will be supported by a majority of

● Ian Hamilton Fazey adds: The Port of Liverpool has lost one shipper bringing in 100,000 tonnes of cargo a year as a direct result of the unofficial

Canada Maritime, which was set up three years ago to operate a monthly roll-on, roll-off service between Montreal and the UK, is going to stay at Car-diff, in Wales, where it moved when the Liverpool men closed

Main banks may join new student loan scheme

By David Thomas, **Education Correspondent**

SOME of Britain's main commercial banks look set to participate in a new private company to administer Government proposals for student loans unveiled yesterday.

The company will adminis-ter the maintenance loans, to be introduced in September 1990 for the Government. They will charge in return a fee to account for administration charges and the company's success rate in recovering the loans from graduates.

When the scheme is opera-tional more than 1m students will be eligible in any year for a loan – worth over £400 on average in a full year.

When the Government amounced its loan proposals in November, it had hoped that financial Institutions would bid against each other to administer the scheme. However, the institutions proved reluctant to participate at first, fearing to be seen as the Government's data and the fearment's data and the fearment's data and the fearment's data and the fearment's data and the fearment of the fearme the Government's debt collect-ing agency among students.

The institutions proposed a

collective solution, whereby individual institutions would be free to join a single administrative agency.

Under the scheme announced yesterday by Mr Kenneth Baker, Education Secretary, students will be able to present their loan certificate either to branches of institutions participating in the comtions participating in the com-pany or to the company itself.

No financial institution has agreed to join the company before further talks to be held about the details with the Gov-ernment, but Mr Baker told the House of Commons he was confident that enough institu-tions would wish to participate to ensure that the com-pany was viable. Lloyds and National West-

minster reacted cautiously, saying they would await the outcome of the further talks. Barclays and Midland were more positive.

"Provided the issues that are outstanding can be

are outstanding can be resolved, there is a likelihood that most of the big banks including Barclays will participate," Mr Seymour Fortescue, director of Barclays' retail banking operations, said. Midland added: "obviously we're interested, though it's Mr Baker said the scheme would cost between £10.4m

and£14m a year to operate, equivalent to £9-£12 per student account a year in 1995, when the scheme is operational. Default costs would be additional and are estimated at about £6m a year on the basis

ment's draft law published in November. These figures exclude the interest rate sub-sidy built into the Government's scheme. The Government has also agreed to meet further start-up work by the Committee of Lon-don Scottish Bankers and by the new company, estimated at between £8.3m and £11.5m.

Alternative estimates of the scheme's costs as high as £250m a year have been given by independent observers, but these have been dismissed as inflated by the Government. Mr Baker also announced that graduates will repay the loans over a standard period on the basis of equal amounts, adjusted annually for infla-

The obligation to repay will be deferred when a graduate's income falls below certain levels. The Government may use els. The Government may use multiple cut-off points, allowing it to distinguish between different types of graduates on the basis of earning power.

The National Union of Students said last night the banks would regret participation is

would regret participating in the scheme. It said it may organise a student boycott of participants. However, one senior clearing banker was already speculities. already speculating yesterday about including the Govern-ment loan in the bank's exist-ing package of offerings for

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By Charles Batchelor

SOME 28,000 small and medium-sized British compa-nies have applied for subsidised management consultancy help under the Enterprise Ini tiative since it was launched 18 months ago, Lord Young, Trade and Industry Secretary,

said yesterday.
The consultancy scheme has been successful in helping smaller companies improve their management strategy, Lord Young said. However, despite extensive television advertising, it has still reached only 15 per cent of its target

To broaden the appeal of the scheme, the Government will use the proposed Training and Enterprise Councils, to help deliver the initiative. The Gov-ernment plans a network of 80 local TECs, private sector led organisations which are to

take over responsibility for training and small firms assistance, in England and Wales. Of the 28,000 companies which have applied for the initiative 19,000 have been approved, a small number have been turned down or referred

to other schemes while the rest are still in the five-week 'pipe-line' awaiting consideration. The initiative pays half of the cost (two thirds in assisted

and urban programme areas) of between five and 15 days' consultancy advice to firms

employing up to 500 people.

The first in-depth review of the scheme, carried out by consultants Segal Quince Wicksteed, showed that it had prompted nine out of 10 appli-cants who would not otherwise have sought such help to apply for consultancies in areas such as marketing and design.

In Brief

BSB raises £70m amid troubled launch

BRITISH Satellite Broadcasting, the satellite television company, has raised an additional £70m in commitments from its 10 shareholders. The latest round raises the total raised by the BSB consortium in cash, guarantees and corporate commitments to

The new commitment will be seen as a vote of confidence in the project by shareholders despite serious technical prob-lems and the fact that Mr Rupert Murdoch's rival Sky Television will have an extra six months to build up an audi-

Petrol cuts

Shell, Esso and British Petroleum, which between them control about 60 per cent of the UK petrol market, announced reductions in the wholesale price of petrol of up to 6%p in response to a cut of 60 per gallon by Petrofina on Friday.

Biotech research Nine UK groups, including

Alcan, Croda, Wellcome and Unilever have declared an interest in a £7.5m, govern-ment-backed research programme to boost industrial use of biotechnology.

BA strike ballot British Airways cabin crew

who are members of the Trans-port and General Workers' Union will be balloted on strike action in support of a dismissed air stewardess. BA indicated the dismissal decision was irreversible.

ICI pay offer rejected Union leaders of Imperial Chemical Industries' 29,000 manual workers have rejected an 8.8 per cent pay offer. They had been pressing for a signifi-cant improvement on the initial offer of 7.6 per cent.

Forklift buyout Hamech, British-owned forklift truck maker with an annual turnover of £24m, has been bought by its board of directors after 23 years in the ownership of its founder, Mr Peter Hawkins

Think-tank calls for 'new Hong Kong' in Scotland

A NEW Hong Kong could be recreated on the remote west coast of Scotland to provide the colony's residents with a haven from the Chinese take-over, according to a radical plan put forward yesterday. Coastal sites in Wales or Cumbria are other possible

options for a new colony, according to the Adam Smith Institute, the free market think-tank. It says Britain has a moral responsibility to help those

among the 3.2m British pass-port holders frightened that recent events in Peking may be repeated after 1997. There is no room in Britain's

congested towns and cities and other countries would be unlikely to take a large num-ber of refugees, Mr Douglas

Mason, the institute's domestic policy adviser, argues.
The answer is to allow for-

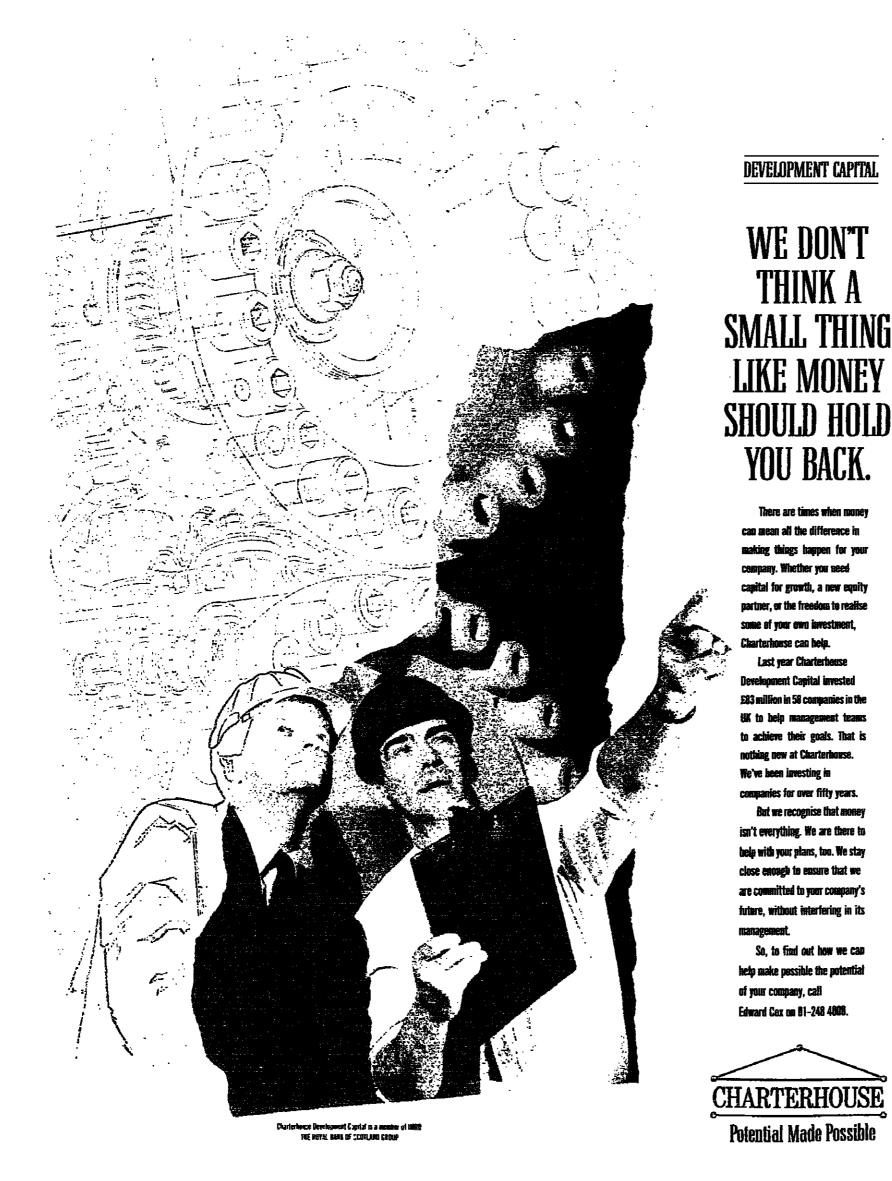
mer Hong Kong residents to duplicate their enterprise economy in a new colony at a sparsely populated coastal site in Britain.

Mr Mason – whose report on the poll tax in 1983 formed the basis for the Government's community charge - suggests the site could be in Wales, Cumbria, north-west England, or Scotland

Scotland would be particularly appropriate given its long history of liberal economic thought, its record of racial tolerance and its strong economic

growth, he says.

A Home for Enterprise, Adam Smith Institute, PO Box 316, London SWIP 3DJ, 19.





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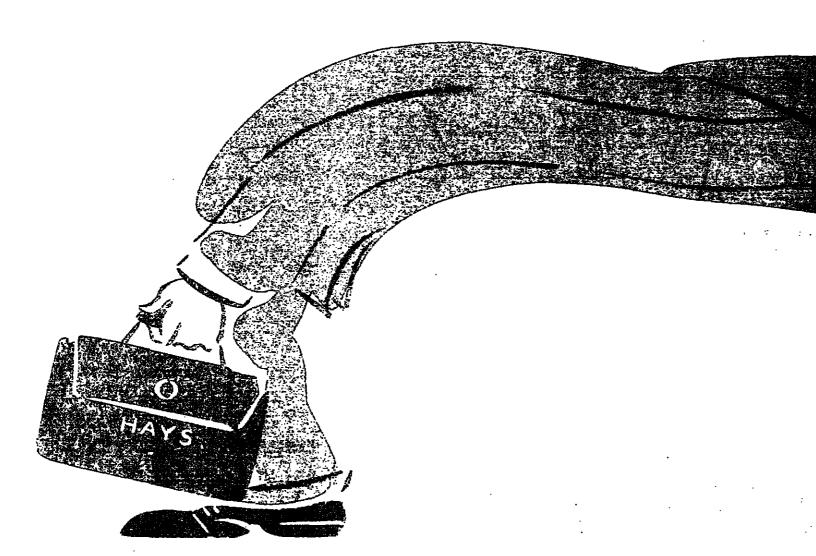
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original brief by also finding an additional four people who were rated so highly, that they were appointed senior management positions.

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market.

tutions.

settlement

HENDERSON Administration.

the leading City of London

investment management group, is pressing for the early

ntroduction of five-day rolling

settlement in the UK equity

It believes this question

should be handled separately

from the introduction of Tau-

rus, the controversial caperless

International Stock Exchange

is struggling to develop in con-

sultation with banks and insti-

UK NEWS

Sweden, Norway attack Britain's acid rain record

By John Hunt, Environment Correspondent

THE SWEDISH and Norwegian Governments are mounting a campaign today criticising Britain's performance over the reduction of sulphur dioxide rain damaging forests and lakes in Scandinavia.

A spokesman for Issue Communications, the public rela-tions company handling the campaign, said that the Swedes and Norwegians had been negotiating the issue with Britain's Departments of the Environment and Energy for

some time. However, because of lack of progress the two governments have decided to go public. They are launching their cam-paign at the Central Electricity Generating Board's Power Plant UK exhibition in Birmingham today and are likely to take the campaign on tour

Mr Steve Newman of Issue Communications said that Norway and Sweden had been completely frustrated by the

A statement from the two governments says that Britain's 42 fossil-fuel power stations are "environmentally dirty." It says that only one, Drax in Yorkshire, is being cleaned up for operational use by 2003 - the deadline by which the UK must have sulphur emissions under a **European Community direc**

The statement adds there is growing concern that Britain's commitment to a 60 per cent cut is likely to slip drastically. This was denied last night by the Departments of the Environment and Energy. They said that the UK is still com-

mitted to the EC target.

Norway and Sweden see the impending privatisation of the electricity industry as an opportunity for the British Government to impose tight environmental controls but think that early signs are not encouraging.

A Harris poll commissioned in Britain by Issue Communi-cations showed that 84 per cent of the public thought that coal-fired power stations should be fitted with scrubbers to reduce sulphur, even if this meant a 5 to 10 per cent increase in electricity bills.

A spokesman for the Central Riectricity Generating Board last night pointed out that a £1.8bn programme for desul phurisation equipment at six power stations was already underway with Drax as the

There was also a programme to reduce nitrogen oxide emissions at 12 other stations and all new coal-fired plant would be fitted with desulphurisation

SE prosecution of insider dealing to be limited

By Richard Waters

THE Stock Exchange will not prosecute the most significant cases of insider dealing, although it is expected to be given powers to pursue minor

cases, it emerged yesterday.

The Department of Trade and Industry is due shortly to introduce an amendment to the Companies Bill, which is currently at the committee stage, giving the Exchange the ability to prosecute cases.

This should speed up those cases where the exchange

WORKFOR

RESEAR

already carries out most of the investigatory work but has to pass on its findings to the DTI

for prosecution. The exchange is unlikely to become involved in any highly visible cases, however.

This is partly because the exchange, while being able to prosecute, would not have the powers available to DTI inspectors under section 177 of the

Companies Act. This grants powers to question witnesses and inspect documents.

Investor watchdog clampdown on adverts

By Sara Webb

Securities and Investments Board, the main financial services industry watchdog, plans to clamp down on fraudulent and misleading advertisements for the different kinds of investments on offer by monitoring advertisers much more closely in future.

The SIB and the self-regulatory organisations which over-see specific financial services ectors (Lautro, Fimbra, TSA, AFBD, and Imro) yesterday called on the public to help keep an eye out for offending advertisements related to investment products such as life assurance, unit trusts, personal pensions, futures, options and personal equity

The regulatory bodies will be paying closer attention to advertisements on television, radio, in the press and via direct malling in the hope of

detecting fraud early on.

The aim is to improve the rotection offered to investors, although the regulatory organ-isations admitted yesterday that the scheme probably would not have helped in detecting such scandals as the Barlow Clowes affair. The monitoring service is

also intended to end mislead-ing or confusing advertisements and the regulatory organisations have issued a brochure of guidelines for the

The main areas of concern include advertisements which lack adequate warning about the risk entailed in an investment, or which contain poor descriptions of the product being advertised. The SIB is also anxious to stop advertisements "where past performance is dressed up as possible future performance", according to Mr Kit Jebens of Lautro. The new monitoring service will cost about £40,000 in the

first six months, and will come out of subscriptions from regu-latory body members. The regulatory bodies will liaise with the independent Television Association, the Cable Authority, the Direct Mail Services Standards Board, and the Local Authorities

Trade chief queries EC role in mergers

SIR Gordon Borrie, director general of the Office of Fair Trading, yesterday questioned whether it would be possible for the European Commission to have exclusive control in practice over "pan-European"

He also stressed the need for close liaison between national merger authorities and the Commission if a new form of EC control is adopted. He also emphasised that merger decisions taken by the Commission should concentrate solely on the competition implications of the deal, rather than wider social, industrial or economic policy issues.

Sir Gordon argued at a work-shop of the International Bar Association in Berlin, that even if the Commission had exclusive jurisdiction over certain mergers, "it is doubtful whether in practice a 'one-stop shop' for the consideration of those mergers can be assured."

"The idea of 'one-stop shop' has attractions but in practice, I doubt whether it will be a reality in many cases," said Sir Gordon, "To the industrialist, speed and legal certainty are desirable. He will not be pre-pared to go to only one authority if there is any possibility that another will also have jurisdiction at a later stage."

He conceded there appeared to be general agreement that no national authority should have the right to permit a merger which the Commission had prohibited as anti-competitive. However, he raised the question of whether a national authority should be able to block a merger, covered by the regulation, which had been cleared at Commission level. "It is envisaged that under

the latest proposals the Com-mission will clear, within one month, an estimated threequarters of all the mergers which come within the scope



Borrie: dubious about the

of the regulation," he said. "No

in these cases when it seems clear at this initial stage that there are no competition prob-

Some member states argue that these mergers, on which the Commission makes no spe-cific decision, should fall back into the member states' juris-

Sir Gordon also pointed out that there would be provision for member states to intervene when "legitimate national interests" were at stake and the possibility of legal action in national courts under the Treaty of Rome would not be

While I understand the reasons why Sir Leon Brittan and his predecessor have stressed the importance of a 'one stop shop'...I think that in prac-tice there will be less of a 'one

payments

BRITISH MIDLAND is to meet

legal representatives of the vic-tims of the Kegworth air crash

next week to discuss the possi-

bility of making further interim compensation pay-

ments, it was disclosed yester-

However, requests by the lawyers acting for relatives of the bereaved and injured for a

meeting with Boeing, the air-craft makers, have so far been

The requests relate to the crash in January of a Boeing 737-400 near Kegworth in the Midlands. The disaster left 47

British Midland has already

paid out lump sums of £5,000 to relatives of the bereaved and

injured to alleviate immediate financial hardship without pre-

A committee acting for the

50 UK solicitors involved in the

case met in Belfast yesterday. They received a report from a representative of their Ameri

can lawyers who have issued proceedings in Louisiana

judicing further claims.

By Our Belfast

Correspondent

unsuccessful.

In the past, lobbying on the early introduction of five-day settlement has come mainly from foreign securities firms. stop shop' than many are They are accustomed to rapid settlement in their domestic markets and would like to shorten the extended emposure to the UK market which is Airline to implicit in the existing account discuss crash

system. Henderson, which manages portfolios totalling some £9bn, says in a paper it has sent to the Bank of England: "We believe both that we can oper-ate five-day rolling settlement which before Taurus is implemented, and that we would derive significant benefits from

doing so."

He added that immediately following the implementation of Taurus "may not be a very good time to change the settle

ment arrangements."
At present, settlement of bargains in UK equities is confined to an account day every two weeks (sometimes three weeks) in respect of bargains dating anything up to four weeks earlier. It is accepted that this sys-tem must be replaced by the

more internationally acceptable five-day rolling basis but implementation in the UK could be several years off. According to Stock Exchange officials, five-day settlement would be "almost impossible" in the near future, although there are suggestions that rolling 10-day settlement might be more practical.

The Stock Exchange denies that there is any widespread pressure from UK institutions for the early introduction of

Moslems to challenge law of 'Christian' blasphemy

Religious leaders win reprieve on bid to bring Rushdie to court

about a homosexual's conversion to Christianity, that a

ter calculated to outrage the

However, that case had involved a clear attack on

Christianity and had not

addressed the issues which Mr Choudhury wished to put for-ward, the judge said. After the hearing, Mr Ali Azhar, counsel for Mr Choud-

hury, said his clients would

now be seeking the where-

abouts of Mr Rushdie to serve

him with legal documents. Mr Rushdie has been in hid-

ing under Special Branch pro-tection since he was sentenced to death by the late Ayatollah

Khomeini of Iran in January.

including Islam, can be included in the offence of blas-

Mr Azhar said: "We will now eek to show that any religion,

The offence of blasphemy

feelings of Christians."

By Robert Rice, Legal Correspondent

MOSLEM leaders were yesterday given leave by a High Court judge to challenge the refusal of a Bow Street magistrate earlier this year to issue blasphemy summonses against Mr Salman Rushdie, author of The Satanic Verses, and his publishers, Viking Pen-

The magistrate had refused to issue summonses on the ground that the law of blas-phemy only applies to Christian beliefs.

Granting leave to Mr Abdal Choudhury, convenor of the British Muslim Action Front, Mr Justice Nolan warned that his decision was not to be taken as sign for further dem-onstrations which might lead to breaches of public order and prove counter-productive.

The judge said his decision to grant leave was based on a 1980 High Court ruling which stated that in a case where the existence of an offence was disputed, both parties should be heard before it was decided whether the offence was Co-ordinating Organisation on Trading Standards. known" to English law or not. He warned the Moslems.

relates to outrageous com-ments about God, holy person-ages or articles of faith. however, that legal precedent was against them. The House of Lords had clearly established in the 1978 prosecution of the magazine, Gay News, over publication of a poem Since 1838, the law has been

thought only to protect Anglican (Church of England) beliefs and has largely fallen into disuse. The 1978 Gay News prosecution is the only one to have been brought since 1922. It involved a close re-exami-

nation of the blasphemy laws establishing that the words complained of must speak for themselves and that the intention of the publisher is irrele-

Once publication has been proved, the only issue for a jury to decide is whether the dividing line between moderate and reasoned criticism and immoderate or offensive treat-ment of Christianity or sacred subjects, has been crosse

In 1981, the Law Commission concluded that there was no point in reforming the law. Its ambit was so wide that it was impossible to predict in advance whether a particular publication would constitute

against Boeing and CFM Inter-national, the Franco-American five-day settlement.

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The town hall lends support

Charles Batchelor examines the role of councils in providing finance and a variety of facilities to promote economic development in their areas

ould you go to tion of District Councils. your local town how to set up in business or expand your company? Imagine all those miles of corridors, bored officials and dingy waiting rooms.

Howard Francis, head of the Business Advice Service in Lewisham, south-east London, has been able to avoid this problem. He offers help to new and growing companies from a smart shop fronting Lewisham High Street, sandwiched between the Karlzma cocktail

orked for the Department of Trade and Industry's investiga-tions branch. "Being away from the town hall means we can dispel some of that bad

image." Lewisham's approach to helping growing businesses is just one of a wealth of new initiatives that have come out Britain's town halls and council offices in recent years. Many local authorities have set up economic development units to boost local employment and create a more favourable business climate.

"It's not just the places you would expect - the inner cities and the North - where this is being done," notes Liz Mills, a researcher at Birmingham University's Institute of Local Government Studies. "It is happen-ing in the Home Counties as

This sudden flowering of economic development activity was due mainly to the economic downturn of the early 1980s when many councils felt they had to do more to combat rising unemployment.

Economic development work is not almed solely at the smaller company. But the decline of many large-scale industries and the limited prospects in many areas of attracting inward investment has meant many councils have concentrated on fostering local small and medium-sized firms.

Three-quarters of all district councils now give business advice while more than half give financial assistance to businesses, according to a recent survey by the Associa-

Up to the early 1980s counhall for help on cils concentrated on providing roads, leasing sites and devel-oping and letting business premises. But in recent years they have begun more targeted economic initiatives, building small workshops and providing venture capital.

Haringey in North London, for example, concentrates its small business activity on helping members of ethnic minori-ties and women to get started in business. Together with J Sainsbury, the retailing group, bar and Barclays Bank.

"People don't consider us to be the council," says Francis, an accountant, who previously vert a disused supermarket in Tottenham into a centre for small workshops and offices. A dearth of venture capital for small scale, local businesses has prompted many councils to set up their own venture capital funds. Bexley on the south-east fringe of Lon-don has established a £300,000 venture fund while Wirral Bor-

ough Council in Cheshire last year created a Business Expan-sion Scheme fund. Ironically, for all this welter of activity, local authorities have no specific legal powers to undertake economic development work. The Local Government and Housing Bill which is currently making its way through Parliament will give the authorities this power for the first time. But up to now economic development work has been financed under an obscure section - number 137 - of an earlier Local Gov-

cretionary spending up to the

of priorities

A different set

THE GENERAL enthusiasm for backing small business is not shared by every local authority. Ealing, a Labour borough in West London, for example, concen-

equivalent of a 2p rate. This lack of a formal legal sanction might appear aca-demic since the councils have gone ahead anyway. But many in this field feel it has prevented them from devising proper economic strategies and meant much development work has been unfocussed.

But this was only one of the problems facing councils, proteins facing councils, according to a survey, Local Authority Assistance to Growing Business,* published in April. Many felt that serious shortages of funds, land and premises had prevented them playing a more effective role. Economic initiatives often

competed with departments such as social services and housing for capital allocations and were given a lower priority. In addition, many councils faced a shortage of land on which to build small workshops for rent.

A further difficulty was a shortage of qualified people to carry out economic development work. Too many council officials who went into economic development work in the early years were unsuited to the job, according to another recent study.** Many advisers were former planners who had been found another job when the planning department closed, it said.

At best these people had no experience of small business or understanding of the mentality of the small businessperson. At worst theirs was a culture which resisted change or saw their role as stopping people from doing things, the authors, lan Barnes and Jim Campbell,

both of Humberside College of Higher Education, concluded. However, Mel Tayler, economic development officer for Haringey and herself a former planner, says it is becoming easier to find staff with the right mix of skills. "There is a growing number of people who could be called professional economic development offi-

cers," she comments.
Some councils acknowledge that they do not know all the answers themselves. "We would not presume to give advice on how to run a business," says Jill Norman, assistant industrial liaison officer for Sandwell Council in the West Midlands. "We would use consultants and refer people to the agencies which can." How effective are the coun-

cils in backing new enterprise? Financing small businesses is a risky business, as any bank manager or venture capitalist will confirm. Some authorities have been forced to write off large chunks of their investnts through inexperience or because they have allowed social objectives to override sound commercial judgements.

The indications are, though, that councils are getting

tougher in dealing with unrealistic proposals and are monitoring their investments more closely. Lewisham is introducing three-monthly reviews of its investee businesses.

But just what sort of a future there is for local author-

ity development work is unclear in the face of legislation which is currently going through Parliament. It will give the authorities formal eco-



Howard Francis: Dispelling any adverse council image

omic development power but it also gives the Environment Secretary considerable powers

to regulate their activities. Some local authorities have set up separate companies to carry out economic development work. They may be forced to reduce their holdings in these companies to minority stakes and bring in private sector partners. This proposal could have a significant impact on enterprise boards such as Greater London Enterprise and the West Midlands Enterprise Board which up to now have been fully controlled by their

New restrictions may also prevent local authorities from making equity investments in companies and could force

councils to dispose of their shareholdings, according to a from working by a lack of child care facilities. Other unemployed men and women did not take up training opportunities because they could not understand the prospectuses put out by local colleges. Ealing has responded by promoting work-

place creches and touring housing estates with a mobile job shop. This does not mean that the borough in West London, for example, concentrates its activities on helping larger companies in the borough.

"Anything we can do to affect jobs in large companies is worth years of work in small companies," says Phil Blackburn, chief economic development officer.

Ealing's policies have been modified by the closure of several large factories in

report*** by Keith Hayton of Strathclyde University's Centre for Planning.

On top of this, government plans to establish 100 private sector-led Training and Enterprise Councils, to provide training and small business support on a local level, may diminish the role of the local authorities.

The impact of these mea-sures is uncertain but they are likely to lead to a major reduc-tion of the role of local councils, Hayton forecasts. Individcas, hayon mrecass. Individ-ual economic development officers are less gloomy, how-ever. Haringey's Mel Tayler says the proposed legislation is "a bit of an unknown quan-tity." Phil Blackburn, chief economic development officer for Ealing, west London, believes the government will have to modify its plans. The lack of a formal legal sanction for the economic

development activity has made local councils adept at improv-ising. Despite the obstacles many have clearly developed a taste for influencing their local economy. They are unlikely to give this up without a fight.
*Deloitte Haskins & Sells an

Business in the Community. From Planners to Entrepreneurs; the Provision of Local Economic Assistance Journal of Public Policy and Administra-tion Vol 8 No 3. ***Strathclyde Papers on Planning. The Future of Local Economic Devel-

Searching for the elusive small line of equity gests discussions with a finan-

cial adviser.

Possible investors must be

identified; a business plan,

including a short synopsis, pre-pared; and the synopsis and

subsequently the full plan sent

out. Discussions and negotia-tions with potential investors

should then, if all goes well,

lead to an agreement.

Even if the business does not

succeed in raising money by this route, the experience will not have been completely

wasted, the guide suggests. If the businessperson has only a vague, or untested, notion of why customers favour his

product or service, the process of drawing up a business plan will clarify matters for him.

The guide, intended for advisers as well as for business as well as for business.

owners, contains a wealth of practical advice as well as a full list of sources of finance and advice. Some readers may

find the proliferation of type faces and numbered and let-

tered sub-sections in the text

irritating rather than helpful but there is a very thorough

or many small busi-nesses a bank loan is the first and the last source of finance they consider. The result is they often use short-term borrowings to finance purchases of capital equipment and they take on an

unduly heavy burden of other unduly heavy burden of other Many small business owners are reluctant to make use of equity for fear of diluting their control of the business. But, equally, many who are willing to issue equity are unable to find suitable investors. Small amounts of equity cap-

ital are not easy to find but the outlook is improving. A review of the expanding sources of small-scale equity finance and a guide to raising equity is provided by a new publication: Risk Capital for Small Firms*. Raising equity is not some-thing that can be done on the spur of the moment. Typically the process will take between four and six months, the guide

aggests. It takes the reader through all the stages from realising that extra capital is needed The guide recommends that the businessperson makes a "guesstimate" of the amount required and the time when it must be available; examines alternatives to equity, such as loans and grants; then sug-

maex.
*By David Purdy, Published
on behalf of The Small Business
Research Trust by Barclays
Bank. 350 pages, £10.

Charles Batchelor

In brief. . .

More than half of British companies have done nothing to prepare for the development of the single European market, according to a recent MORI poll carried out for accountants Grant Thornton, Among small companies the picture is even worse with 67 per cent of London EC1A 2BS. Tel 01-236 companies having taken no 300. Fee 260.

market research while 3 per for July 2.

cent had undertaken merger or acquisition studies. MORI (other countries are to follow) interviewed 585 executives of will consider how to choose a

run by the London Enterprise Agency (LEntA) starting in

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Twenty per cent of compa
Twenty per cent of compamies polled said they had gathfilled their diaries over the
ered information on 1992, past year with conferences on
9 per cent had carried out a the broader implications of
strategic analysis or review 1992 and the creation of the while 8 per cent were already single European market. A active on the Continent or had conference which promises to established contacts. Six per cent had carried out detailed questions is planned

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SALES GROWTH JAPAN AND PACIFIC RIM

the area though, with about 20 large

employers, the area still has a strong hig company base. The borough's approach

company base. The borough's approach has also been influenced by research which showed that support for mediumsized and large companies was more effective than backing small firms.

Ealing now has a two-pronged approach to economic development. It acts as what Blackburn calls "internal advocate" the

Major and highly successful distributor of products directed into the Post, Telecommunications and related Sector seeks to assist UK. rusi, resecommunications and related Sector seeks to assist UK companies in exporting to Japan, Far East and Asia. Strong entrepreneurial led technical team with offices in Europe, Middle East and Far East with weekly presence and history of success in Japan seeks long term association with UK or Mainland European Company manufacturing quality innovative products of technical excellence.

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present annual threaver of about 12 minion Swiss tranc through an addition to its present range of products.

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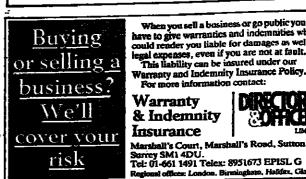
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Charm of the monumental

William Packer reviews the work of the French sculptor, Bourdelle

Dourdelle: Pioneer of the Future is the Yorkshire Sculpture Park's major exhibition for the summer (until October 29), a celebration of a latterly neglected but significant French sculptor in this year of the bicententies. That his work should represent a France perhaps more imperial than revolutionary in the symbolism of its subject-matter and grandiosity of its state-ment, is neither here nor there. The show ment, is heather here not there. The show is a major undertaking, made possible by the sponsorhip of Rhone-Poulenc Ltd. Set in the park and gardens of Bretton Hall, now a training college, just off the M1 (exit 38) near Wakefield, the Yorkshire Sculpture Park is onen daily and enterposit ture Park is open daily and entrance is

The gloss in the title is taken from a remark by Rodin, whose assistant Bourdelle had been in the 1890s. We can see what Rodin meant, from his own point of view, but the claim is both too large and misleading. For it was Rodin who had been the pioneer, moving from the known into the unknown, breaking new ground. Bourdelle, the younger man by 21 years, was to survive his master by only 12, dying in 1929 at the age of 68. Rodin well knew how close Bourdelle was, both in sympathy of ideas and scale of ambition, to himself, and could surely see the drift of his mature development. What he would have recognised, if not expressed, was that Bourdelle, though confirming and carrying forward his own achlevement, was never into the unknown, breaking new ground. forward his own achievement, was never

Bourdelle was no avant garde or pioneer, but only a transitional and a conservative. He followed Rodin, in the freedom and expressiveness of his modelling, though modifying it into a simpler, harder statement under the exigencies of the monumental scale. But there were to be no followers of Bourdelle as such, but only the generalised, decorative decadence into Art Deco, which was clearly anticipated in some of his later

It fell to him to see an established tradi-

tion through into the new context of a rapidly evolving and diversifying modernism, in which Rosso and Matisse, Brancust and Modigliani, Epstein, Boccioni and

Picasso were the true pioneers. The irony is that, for over 30 years, his work represented the public aspect of modernism through the grand schemes of monumental sculpture and architectural decoration that he undertook. His roman-tic, civic symbolism, cast often into images of an idealised classicism, touched a public

Major commissions came to him throughout his life, from the Montauban Memorial to the victims of the war of 1870, which he won in 1893 at the time he joined Rodin, to the large figure of "la France" of the 1920s. These were the things that moved Anatole France to declare him "the greatest artist of our time . . . He has only one drawback, so far as I can see: he carries his conception beyond the limit of possibility. A noble defect."

The sheer size of some of these heroic defects is astonishing. "La France," some 26 feet from toe to spear-tip, commands Bretton's formal terrace impressively enough, but the several parts of the Monu-ment to General Alvear, scattered through the gardens, are more impressive still. Commissioned in 1912 but not set up in Buenos Aires until 1925, the general sits high on his horse on its high plinth, with four symbolic figures of the martial and political virtues at its base. It is an attempt at the equestrian figure on the grandest Renaissance scale, as its ele-

ments testify. The maquettes for the horse, with and without its rider, sit on the terrace balustrade. The massive riderless horse commands the brow of the hill, bizarrely outscaling the trees and bushes among which it steps so proudly. And at the high point of the show, in the upper walled enclosure only lately available, with its lovely view over the roof of the Hall and across the valley, stand those four huge symbolic figures, each nearly 13 feet high,

of Victory, Strength, Eloquence and Liberty. Modelled with rough simplicity to carry such a scale, each remains lively and oddly personal. It was of this that Maurice Denis spoke in his funeral tribute: "What was his genius? Rodin would say Bourdelle's characteristic was his impetuosity. But Bourdelle would say it was lyrical poetry . . he was a dramatist, a lyric, epic poet."

To us, to whom the epic statement, no matter how impressive, is often alien, the lyric aspect of Bourdelle has always been the more accessible and charming. At Bretton it is beautifully presented, in the lower formal garden below the terrace, by lower formal garden below the terrace, by two larger than life-size female figures, one nude, the other draped, but both standing sway-hipped and relaxed — Pene-lope resting her chin on her fist, the nude leaning serpentine against a post. Even here, the smaller the scale, the more immediate and effective the statement and the more direct our response.

Companion to the Bretton show is another comprehensive Bourdelle exhibition which I have yet to see put on by the Bruton Gallery, at Bruton in Somerset (until September 16). The catalogue shows that it has much of the material in common, but with this distinction: in Bretton's fine open spaces it is Bourdelle the public, monumental sculptor that we see; at Bruton, the sculptor more intimately and directly at work. To see the artist whole, we should try to see both.

In London meanwhile, a small show of work by a figurative artist of a later generation carries the highest recommendation. The drawings, paintings and sculpture of Giacometti now at Thomas Gibson Fine Art (44 Old Bond Street, WI: until June 30) include a group of the attenuated walking figures never shown together before. But, for me, as always, the small, simple portrait busts, less extreme but no less intense, are the more moving: that of intense, are the more moving; that of Annette, of 1962, most of all.



"Fruit," bronze, in the Yorkshire Sculpture Park

Judgement Day

OLD RED LICH The rediscovery of the Austrian dramatist Odön von Horváth, initiated in West Germany in the early 1970s, receives a minor boost at the Old Red Lion in Islington as Judgement Day, translated by Martin and Renata Esslin, presented by Filthy Lucre Productions, and directed by Step-

hen Daldry, enters the final week of a short run. The playwright, a virulent anti-Nazi who stood his ground in the 1930s while Brecht, to whom he is comparable in so many ways, sought more hos-pitable climes, was killed by a falling tree on the Champs Elysées in 1938, en route to Switzerland. The comic irony of his demise is worthy of the author himself, whose work is now half-way house between the folk tragedies of Wedekind and Büchner, and the post-War traumatic visions of social and domestic crisis perpetrated by Peter Handke and Franz Xaver

Kroetz. Christopher Hampton did a wonderful National Theatre version of Tales from the Vienna Woods a decade ago; his re-write of Faith, Hope and Charity is slated for the Lyric, Hammersmith, in the Autumn.

In the light of recent public transport disasters in Britain, Der jüngste Tog has an almost indecent claim on our sense of communal, political responsibility for tragic accident. The small-town station-mas-ter Thomas Hudetz is diverted

from his duty, and the misery of a barren marriage, by the concern of a local landlord's daughter, Anna (Matilda Zeigler). He forgets to change the signals, and the 9.05 Express charges past into the back of a freight train. Eighteen people

are killed. The consequent reworking of

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FINANCIALTIMES

a public tragedy in terms of private guilt is enthralling: Anna perjures herself at the enquiry but is overruled by Hudetz's crabbily jealous wife. Hudetz is jailed but acquitted after four months and remited with Anna under the earlly abandoned viaduct - a location with reverberative similartion with reverocative similar-ities to Woyzeck's lake. In a lustful frenzy that merits oper-atic setting, he kills Anna in order to re-kindle his own

sense of guilt. Guilt, lust, revenge, commu nal righteousness. Horváth's play anticipates by a clear 20 years Dürrenmatt's The Visit which re-cast these themes in a post-War disillusion with the economic miracle. That play, also set by a fateful railway last year by Théatre de Compli-cité, and I think Flithy Lucre is cashing in.

Echoes include a frozen design collage of clothes and mementoes, the mimic goon-ishness of Complicité stalwart Tim Barlow, and a general air

of noisy stroppiness.

The acting, overall, has the unconvincing ferocity of people adopting stylistic poses. The exception is Stephen Boxer's touchingly baffled and bemused railway official. Hudetz, where is thy sting? This guarded guard is unwill-ing to understand his fate, which he nonetheless embraces with passionate reluctance. Around him, the noise is softened by Expressignistic recourse to company chants, whirling of torches and some chilling effects, such as the crashing to ground of two lightbulbs to signify the disas-ter, followed by a wan little girl materialising in earle light, ciutching a broken doll.

Michael Coveney

Jean Barraqué

ALMEIDA FESTIVAL

When the composer Barraqué died in 1973, still out of favour with the Boules establishment, he had completed only six sub-stantial pieces and a tapestudy. A mini-festival of this challenging, fiercely serious occurre was plainly in order, and somebody had to do it—but only the Almeida would do but only the Almeida would do
it. Two weeks ago Max Loppert
discussed the first instalment
here; on Sunday we had the
remaining works, Chant après
chant and (new to Britain) Le
Temps restitué, his most "symphonically" elaborated music.
Both were destined for what
he conceived as his life work a

he conceived as his life work, a huge and various cycle based upon Hermann Broch's *The* Death of Virgil. Chant après before, but not (if memory serves) so subtly and persuasively as by the soprano Alison

Wells and the French Ensemble 2e2m under Renaud Fran-cois. It involves a great battery of percussion, much of it unpitched, which means that there are even fewer overt chies than usual to the secrets of Barraqué's construction: serial" it undoubtedly is, but by arcane methods. In any case, the result of long analysis would by itself prove nothing about the merits of the piece; the touchstone must be its aural, pre-analytic power to

What was most potent here was the interplay between the voice and the incessantly varied waves of percussion (the "mers de silence"), the one Barraqué's own marginal commentary – with broken elo-quence, the rest answering and

expanding all that. However opaque the musical idiom, this abstract, impassioned dialogue had a pithy force far beyond the splashy effects of routine avant-gardery. (And it survived even an ad libitum electronic alarm, brought along by some distracted loon who was the last person in the Union Chapel to notice that it had been shrilling away for several minutes.) One couldn't doubt that the music had its own rigorous syntax, which patient acquaintance might discover: the sort of impression that Brian Feror impression that brian rer-neyhough's music often makes. Le Temps restitué proved to be a richer canvas, with its solo mezzo (Anne Bartelloni)

ensemble of medium-wattage instruments – woodwind octet, string nonet, and almost

everything that makes a noise on-pitch when hit or plucked

with electronics by EMAS.

Harmony has a far larger role here, which Barraque develops cogently, and the text – undi-luted Broch this time – is set in many vividly contrasted musical sections, as a continuous, far-reaching drama. Dense stuff (Wagner sucked into a black hole, almost), but with enough air-shafts to let us breathe; and the actual sound is an achievement by a super-lative ear. Though the piece may well remain caviar to the general, and finally perhaps a Last Days of Serialism artifact, a lot of composers should recognise it as setting an unforgiving standard for their

David Murray

The Red Macula

CHRISTCHURCH, SPITALFIELDS

The main emphasis of the current Spitalfields Festival, running until June 28 in surely the most elegant of all Lon-don's churches, is on small-scale early music, but two concerts by the Northern Sir over the weekend brought sig-nificant London premieres. Friday's programme included John Casken's *Eria*, a concerto for double bass completed in 1983, and on Saturday the orchestra was joined by the Leeds Festival Chorus for Salary Reviews of the Salary Chorus for Salary Charles S Michael Berkeley's The Red Macula, which was commis-sioned to celebrate the 130th amiversary of the Chorus and first performed in Leads last first performed in Leeds last

The source of Berkeley's 20minute piece for soprano and baritone soloists, chorus and orchestra is the poetry of D.H.Lawrence, and the poem set as its centrepiece, a vivid description of a tropical moon-rise, furnishes the title. It is more than a straightforward setting of three poems, how-ever, for Berkeley has interpo-lated other Lawrence quotations to flesh out what he conceives as a portrait of the author, moving in an arch from evocations of childhood through sensual maturity to a final contemplation of mortal-ity and extinction. The scheme is a thoughtful, musically potent one, but Berkeley's treatment is not invariably so sionate charge of the poetry is convincing.
The most smoothly susalways felt.

But Lawrence's poetry is tained section is the centrerarely combined with music, piece, in which three separate poetic elements are combined, and though the matching of images in The Red Macula is not always exact, it seems an intriguing exploration of a and there Berkeley's music and there Berkeley's music — declamatory lines sensuously intertwining the two solo voices, the chorus moving on its own independent track with teasingly potent expressive world A finer-grained acoustic than that of Christchurch more than a hint of Tippett's might reveal Berkeley's the Vision of St Augustine in the writing — moves into sharpest focus. The framing sections are uneven and Berkeley's setting details of orchestral writing more tellingly, but the forcefulness of this performance, conducted by Sian Edwards with Elizabeth Collier and Stephen Roberts as soloists was never appears to stumble over some of Lawrence's more prosey lines, though the ending -

to be doubted. **Andrew Clements**

ARTS GUIDE

OPERA AND BALLET London

Royal Opera, Covent Garden. Der Rosenkonalier returns with Felicity Lott, Ann Murray, Lil-lian Watson and Kurt Moll in leading roles, and Jeffrey Tate as conductor. Further perfor-mances of the Royal Opera's 1988-89 season prestige event: the new production of *R* trooate by Piero Faggiori, conducted by Bernard Haitink, with Placido Domingo in the title role. English National Opera, Coli-seum. The final performance of the season is *The Mustersing-*ers, with Gwynne Howell, Alan

Opie, Alberto Remedios and Jane Englen. English National Ballet (formerly the Festival Ballet) presents a triple hill centred on the ing one act *Anasiasia* for the great Lyan Seymour on June 19 and 21, (different casting June

20), at The Dominion, Tottenham Court Road. Royal Ballet, Covent Garden. Performance of The Sleeping Beauty on June 20. English National Ballet.

Théâtre des Champs Blysées. Stuttgart ballet: The Tuning of the Shrew with Marcia Haydee and Richard Cragun in John Cranko's choreography

Thestre Royal de la Mounaie. La Pinta Giardiniera by Mozart produced by Karl-Ernst and

Ursal Hermann with Ugo Benelli, Joanna Kozlowska and Marek Torzewski. The Monnaie orches-tra is conducted by Sylvain Cam-brelling (Tues, Thurs).

Testro Alla Scala, Riccardo Muti conducting Roberto de Simone's production of Cluck's Orfeo ed Auridice, with Lella Cuberti/Elz-bieta Ardam, Bernadette Manca di Nissa/Lucia Mazzaria and Eli-sabeth Nochery, Schola Valeria zabeth Norberg-Schulz/Valeria Esposito (30.91.26), Teatro Lizico. Isabel Seabra and Cheorghe lancu dancing Don Chisciote: choreography by Rudolf Nureyev and music by Ludwig Minkus (86.04.18).

Florence

Michale Hampe's production of Richard Strauss's Der Rosen-kavolier, conducted by Zubin Menta, with Anna Tomowa-Sin-tow, Kurt Rydl, Alan Titus, Cheryl Parrish and Delores Zie-

Venice

Teatro la Fenice. Pier Luigi Piz-zi's production of Handel's *Rin-aldo*, conducted by John Fisher, with Cecilia Gasdia, Marilyn Horne and Natalede Carolis

Opera: Theater des Westens. Guest performance from the Na-tional Ballet de Marseille in Roland Petit's show Jana for First with Zizi Jeanmains and Eric Vu-An. There are also two ballet premiers this week. One

is danced to music by George Gershwin, Who Cares? choreo-graped by George Balanchine, the second from Kurt Weill, Die sieben Todesinden; with chore-ography by Mario Pistom. Cosi fantatte is produced by Götz Friedrich.

ambiguous, almost throwaway

— is memorable and the pas-

Opera. Hamburg bonours the famous choreographer Jose Limonwith four of his ballets. The Unsung! The Exiles! The Moor's Power! There is a Time. La Bohème has a first rate cast led by Katja Ricciarelli, Gabriele Rossmanth, Michael Sylvester and Alessandro Corbelli. Pear Cunt. Specially expressed for Cynt, specially composed for Hamburg by Alfred Schnittke has wonderful John Neumeier choreography.

Cologne

Opera. La Clemenza di Tito has Josef Protschka, outstanding in the title role. Lohengrin is well sung by William Johns, Mechtild Gessendorf, Eva Randova, Harald Stamm and Kkkehard Wlaschiba.

Bonn

Opera. The successful Gian Carlo del Monaco production of the Entführung aus dem Serail returns with Sylvia Greenberg, Isolde Slebert, Hans Peter Blochwitz, Wilfried Gahnlich and Jazko Ryhaenen. Ariathe auf Naxos Stars William Murray, Gabriele Benackova, Syndia Sieden, Peter Lindroos and Susanne Mentzer.

Frankfurt Opera. Last performance of the

acclaimed La Clemenza diTito accianned in Comment in In Gra-production. Cost fan intie in Gra-ham Vick's production is sung by Margaret Marshall, Diana Montague, Michal Shamir, Chris-topher Robertson and Bruce E. Ford. Imre Pallo conducts.

June 16-22

Stuttgert

Opera. Der fliegende Hollander will have its premiere this week, produced by Adolf Dresen with a star cast led by Bernd Weikl. Matthias Hoelle, Grace Hoffma Nancy Johnson and Toni Kraemer. La Cenerentola is revived with Kathleen Kuhlmann, brilliant in the title role. Also offered Fidelio and the rarely played Der Karottenkönig.

New York

Metropolitan Opera. Free outdoor performances begin with Thomas Fulton conducting II Trovatore on the Great Lawn in Central Park with Susan Dunn as Leonora, Stefania Toczyska as Azucena and Sherrill Milnes as Count di Luna. American Ballet Theatre. The week features Mikhail Baryshni-kov's staging of Swan Lake. Sea-son ends July 1. Lincoln Center Opera House (362 6000). New York City Ballet. The week's mixed programmes include Beethoven Romance, Danses Concertances and Railade Ends June 25. Lincoln Center New York State Theatre (877

Tokyo

Wiener Volksoper. Die Caardas-fürstin conducted by Rudolf Bibl. Tokyo Bunka Kaikan (Tues,

Du Pré Appeal Concert

Among the many appeals that lay claim to the attention of music-lovers, the Jacqueline Du Pré Memorial Fund bears a name that will set it apart from the others. The appeal has been launched with the aim of helping young profes-sional musicians cope with crippling disease and in Sunday afternoon's star-studded charity concert it found its public focus.

One might have expected that the cello, Jacqueline Du Pré's own instrument and her channel of communication with the public, would find a place in the event, but the organisers had planned the programme on a different premise. Daniel Barenboim, the late cellist's husband, led a concert of Mozart and was joined for the two and three plano concertos (an aptly fes-tive choice) by other celebri-

The Concerto for Three Pianos, K.242 came first. This is the lesser of the works and yet it has a lovely slow movement, the filigree accompani-ment that winds its way over the main theme being played here with a mesmerizing. inward delicacy by Andras Schiff, as pianist number one.

Barenboim played second piano and the third part was taken by Georg Solti, who also doubled as conductor, at least when he could spare a hand to wave above the music stand.

After the interval Barenboim and Solti re-appeared for the more mature Concerto for Two Pianos, K.365. This is the more mature piece and it duly received the more robust performance. The last movement, in particular, went at a rollick-ing pace and showed that neither of the Chicago Symphony Orchestra's music directors (Solti the current holder, Barenboim the named successor) need blush at playing Mozart in public, even in the rapid cross-fire of passagework at the

The concert had begun with the Haffner Symphony, full of rich and full tone. The expressive style that Barenboim (as conductor) drew from the English Chamber Orchestra sounds romantic these days to a degree that it did not some years ago, when they used to play Mozart together. The two concertos have been recorded by Decca and were taped live for future relay by Channel 4.

Richard Fairman

Bee Gees

Wembley Arena

Oh, what it is to be unfashionable – packing out Wembley Arena for two nights: receiving standing ovations; sending thousands of fans home happy: the Bee Gees must envy all those cult bands who play in pubs for just criti-cal rapture and Ruddles bitter.

But then the Bee Gees have never been smart. Repatriated from Australia 20 years ago by Robert Stigwood, who shaped them into the second Beatles. the three brothers (a fourth Andy never quite made it and died) have suffered long peridied) have sunered long periods of neglect, only to suddenly re-emerge with albums that made pop history, most notably Saturday Night Fever. Really they are just superb composers, able to plug into any musical trend and produce catchy but anodyne songs. You wouldn't kill to hear a Bee Gees song, but then you wouldn't kill to switch one off. You probably wouldn't notice

In performance they are a e caricature of the pasi Looking fabulously young and healthy at the start of this national tour for fortysometh-ings, clad in blue jeans and casual clothes of circa 1975, they line up across the stage in genial unpretentiousness, letting their superb band behind do all the hard work. They joshed around like the Mon-

kees, or Cliff with the Shad-ows, brother Maurice, of the lesser voice, hamming it up for the audience as he stands excluded while hairy big brother Barry and twin falsetto Robin harmonise on the vocals. When Maurice is allowed his solo he does a creditable version of a new song "House of Shame" - the lads are touring

to promote an album. It is all quite agreeable; totally undemanding; and very familiar. Barry, who also looks like George Michael's big brother, dominates and sings well, making the tribute to Andy - "How deep is Your Love" - and, somewhat inap-propriately, dedicating "Too Much Heaven" to "the good people of China." The wholesome audience

took most of the famous reper-toire sitting down, but rose for "Staying Alive" and jigged happily through that 1975 disco classic "Jive Talkin" and the finale, "You Win Again." Most Bee Gees songs sound as if computer of genius and it is no surprise at all to discover that they now live in Miami and run recording studios. By the time I reached the exit I'd forgotten the whole performance, but while in the presence I actually rather enjoyed it.

Antony Thorncroft

SALEROOM

Coper candlestick record

Demand for contemporary ceramics is very strong and Christie's sale yesterday totalled £173,085, with just 9 per cent unsold. As usual Hans Coper was the most popular potter, with an early stoneware shallow dish that he made around 1950 selling at the top of its estimate for £16,500. A 25.8cm high stoneware composite bottle vase of around 1965 was comfortably above target

at £15,400.

However these prices pale into insignificance compared with the £88,000 that Bonhams raised on Thursday evening for the two altar candle stick holders that Coper had made in 1964 for the new University at Sussex. The price was easily an auction record for any contemporary ceramic. The holders will stand on the Henry Moore designed altar at St Stephens Walbrook in the City. Since the altar was donated to the church by Mr Peter Palumbo, the chairman of the Arts Council and the well known prop-

erty developer, it seems almost certain that he bought them. With Coper and Lucie Rie so expensive these days, pot collectors are going for some of the forgotten names of the 1960s like Bernard Rook: a stoneware pebble shaped vase by him doubled its top estimate at £330 at Christie's. Michael Cardew was also in good demand, a large stoneware rose bowl doing very well

at £1.210. Both Sotheby's and Christie's were selling important antiques in Monaco over the week end, with considerable success. At Sotheby's furniture sale a bronze group depicting Hercules overcoming Achelous, who is in the form of a bull originally in the collection of the Sun King, Louis XVL sold for £957,647. It was inspired by Giambologna but made by Ferdinando Tacca. Christie's just pipped this price with a Louis XIV ormolu

mounted tortoiseshell and ebony Boulle marquetry armoire, once in the collection of Prince Beloselsky-Belozersky, which went for £960,576 to

an English dealer, although its stay in this country may be

brief. Christie's also secured a staggering price, and an auction record, for a carpet, £384,230 for a Louis XV Savonnerie, which carried a top estimate of £90,000. Back at Sotheby's a Louis XV bureauplat, stamped BVRB, with rococo gilt bronze mounts inspired by Boulle, sold well at £674.705, and a clock by Breguet, a "Pen-dule Sympathique," with the attendant watch which is litted into the clock each night, went for £391,764.

Among the paintings "La Promenade" by Watteau, show-ing a young man luring away a girl, heat its top estimate at £413,529 and a 17th century flower painting by Abraham Mignon sold for £239,411 to a London dealer. This sale brought in £5.5m (Ff 56m), a record for a Sotheby's picture auction in Monte Carlo, with less than 12 per cent unsold.

In New York over the week end a leaded glass window designed by Frank Lloyd Wright for the Avery Coonley Playhouse in Riverdale, Illinois, around 1912 sold for £187,000. The rectangular panel measures five feet by one foot, and is decorated with green and vellow circles and orange and black squares.

Antony Thorncroft

WNO season

The Welsh National Opera is producing eight operas next season, including a newly com-missioned work, *Tornak*, by John Metcalf, with a libretto by the playwright Michael Wilcox. It will receive its premiere

on May 19, 1990 in Cardiff. The season opens on September 16 this year with a new production of Weber's Der Freischiltz by André Engel. The other new production is Strauss's Der Rosenkovalier by Göran Järvefelt, opening on

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More than a setback

THE BRITISH Conservatives have suffered their first serious electoral setback since Mrs Margaret Thatcher became leader of the party in 1975. And although there may be extenuating circumstances, so has Mrs Thatcher herself.

Two facts stand out. The Labour Party polled more votes and won more seats in the elections to the European Parliament than the Tories, and the Greens came from almost nowhere to win around 15 per cent of the vote, largely, it seems, at the expense of what used to be called the Alliance parties. It may not be a fundamental, lasting shift, but at least there has been a change in the political

There have been many rea-sons for disenchantment with the Tory Party this year, rang-ing from the unpopularity of the Water Bill to the rising trend of inflation. A more general point, however, is that the Government has begun to look less than competent. It quar-rels with itself, and the Prime Minister has several times looked overbearing: as if she is right and almost everybody

else must be wrong. Some of this has to do with Europe. The Prime Minister is openly at odds with the most senior members of her cabinet about full British membership of the European Monetary Sys-tem. There may be respectable economic arguments on all sides, but the public quarrel hardly enhances the Government's authority. It is not sur-prising that, given the chance, a sizeable section of the elec-torate used the European poll to declare a (limited) vote of no confidence.

Arm's length

The Prime Minister's more general approach to the European Community hardly inspires confidence either. Most of the old quarrels between Britain and Europe are long since over, yet Mrs
Thatcher prefers to keep the
Community at arm's length.
She fought a campaign against
Brussels, and failed to take the electorate, including an articulate section of her own party,

An analogy with General de Gaulle comes to mind. He, too, fought for nationalism long after it was prudent or neces sary to do so. Mrs Thatcher is not in that position yet, but she has been in power almost as long, and the analogy can-not be entirely dismissed. De Gaulle did not leave a united party behind him, though France thereafter became a more European country.

Yet if the Conservatives suffered a setback, for the old Alliance parties it was a rout. Mr Paddy Ashdown may plead that the Democrats are still finding their feet after the merger following the general election of 1987. That is not how the electorate appears to see it. The Democrats now poll less well even than the old Liberals in a bad year, and Dr David Owen's Social Democrats even worse.

Protest vote

The principal beneficiaries in the European elections were the Greens, whose percentage share of the vote was even better in Britain than on the Continent. Clearly the protest vote had something to do with it, just as the protest vote used to go to the Liberals under Tory Governments in the past. Not everyone who supported to the Greens last week can have realised that the party is opposed to economic growth — an odd recipe for (say) the problems of the third world. Some of the vote, however, must have expressed genuine concern about the environment. That may seem hard on Mrs Thatcher, who has come to the subject with some of the zeal of a convert. Still, it suggests that the electorate needs to be convinced. Mr Nicholas Ridley, the present Environ-ment Secretary, is not the man

It was a good result for the Labour Party. Whether it would be repeated if there were a general election tomorrow is highly doubtful. But there is almost certainly not going to be a general election for at least two years, so the party can continue its recuperation. It is looking less wild, more in the centre ground and more electable than it used to. It should now gain in self-confi-dence. That should be the main the Tories from the European elections: there is beginning to be an alternative government.

David Buchan assesses the significance of the European election results

he best way to make sense out of the scatter-pattern result of the elections to the European Parliament is to European Parliament is to see it as a protest vote, in the widest

First, it was a protest against gov-ernments or dominant parties in ruling coalitions in seven of the 12 countries. This was most spectacularly so in the UK, where Labour has replaced the Tories as the largest single national grouping at Strasbourg.

But parties currently ruling at national level also took a pounding in West Germany, France, Italy, Ireland, Greece, Denmark and Portugal. Only in the Netherlands and Belgium did the predominant parties in governing coalitions win more seats than they did at the last such election five years

ago: ruling parties in Spain and Lux-embourg held their own.

Clearly, most voters in most coun-trles think national when they vote European — if, indeed, they bother to vote at all. Turnout this time dropped to around 56 per cent, from 59.4 per cent in 1984 and 62.4 per cent in 1979, the only two previous direct elections the only two previous direct elections to the parliament. Whether this down-ward trend is the result of apathy or of ignorance about what the partia-ment does, or both, it is depressing for those at Strashourg, who have been trumpeting, and using, the new legis-lative powers given them under the

Single European Act. Second, it was, in many countries, a protest vote against established par-ties. The Greens made big gains in France (plus nine seats) and Italy

(three), and smaller gains in more traditional territory such as Germany (one) and Belgium (one).

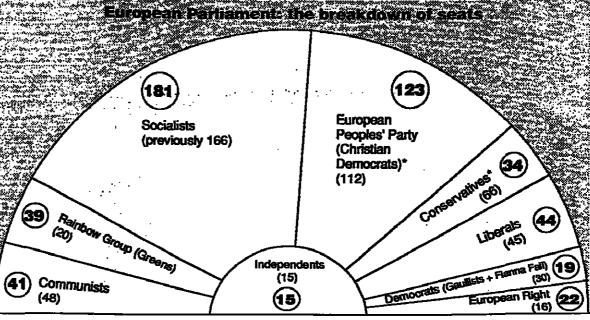
The most striking gain in the Green vote came in the UK, where the party came from almost nowhere to take 15 per cent of the ballot, the highest anywhere in the Communication. where in the Community. But, because of the first-past-the-post sys-tem, this did not translate into any seats. The performance of the Greens in the UK also defied the pattern else-where, since most of the party's votes

where, since most of the party's votes came at the expense of another minority party – the Democrats – rather than the two big parties.

Extreme right-wing parties ate into support for centre-right parties, most strikingly in West Germany, where the Republicans, contesting their first Euro-election won an estimated 7.6 per cent of the vote, enough to seat per cent of the vote, enough to seat six of them in Strasbourg. Elsewhere, the extreme right more or less held its own. The Vlaams Blok, a Flemish nationalist party, won a seat in Bel-gium, offsetting the loss of an Italian MSI seat. The list fought in the name of Mr Jose Maria Ruiz-Mateos, the financier who is a fugitive from Spanish justice, appears to have won two seats. It is unclear where, or indeed whether, to count these gains.

The success of the protest vote against larger, more traditional par-ties has resulted in an increase in the number of political parties repre-sented at Strasbourg from 79 in the old parliament to 84 in the new. Most of the new parties will find their way

association, however distant, with Hitler, and by the ability of the late Mr Franz Josef Strauss to integrate the nationalist right into the Chris-tian Democrat/Christian Social Union



Total number of seats 518

* 15 Spanish Partido Popular MEPs are switching from Conservatives to

		
UK ———— 81		Belgium 24
W.Germany ———— 81		Portugal 24
France —		Greece ———— 24
Italy81		Denmark — 16
Spain		Ireland15
Netherlands25		Luxembourg — 6

Making the most of a protest vote

into the parliament's eight political groupings, though the coherence, for instance, of the Greens and its proba-ble allies in the Rainbow group will

probably be severely strained.

But the results must also be read for what they portend for the overall left/right balance in the parliament.

The Socialist gains are not quite as The Socialist gams are not quite as large as they were projected on election night. Indeed the probability that the Socialist group has increased from 166 in the old parliament to 181 in the new is almost entirely due to Labour gains in the UK. This reflects popular disenchantment with Mrs Thatcher's policies, but also shows how the British electoral system creates much ish electoral system creates much greater swings in seats between the country's two main parties than proportional representation does in the other 11 countries.

None the less, the gains of the Socialists and of the Greens have

in Bonn coalition building.

To Mr Franz Schönhuber, the

Republican leader, the success is just another indication that Germany is

becoming "normal" - with a proper

more than offset Communist losses (chiefly in Italy and France), to give the broad left a narrow majority (just over 260) in the 518-seat parliament for the first time. What seems to have been happening in recent years is that Socialist parties, particularly where they have gained power in, for exam-ple, France and Spain, have moved more towards the centre ground. This has opened up electoral territory to their left, which the Greens are now fruitfully tilling.

ft is not a prospect that Socialist parties can contemplate with any equanimity. But, for the purposes of this election, the fact that the Greens gained so much (up from 23 to 39 seats) without overall damage to the Socialists means an expansion of the left. There is, in any case, a certain appropriateness in a heavy Green presence in Strasbourg, given that the environment is one of those areas

In West Germany, success for the party of the little man

or 40 years the far right in is the greatest success for the radical West Germany has enjoyed only the power to cause alarm.

The

cans are is hard to tell. Mr Schön-huber has spent much of the past six months trying to distance himself

from the neo-fascist fringes. He describes the NPD, which rose briefly to prominence in the late 1960s, as "a bunch of reactionaries who have not

where policy is increasingly being set at Community level.

The moderate right will have to cohere more closely than it has done, if it is to make its reduced numbers tell. An internal realignment on the right has, in any case, been on the cards since Spain's Partido Popular announced its intention last month to ich the Christian Democrat group in join the Christian Democrat group in Strasbourg and to desert the hitherto UK Tory-dominated European Demo-

UK Tory-dominated European Demo-cratic Group (EDG).

As a result, the EDG, now number-ing only about 34 (Tories plus two Danish conservatives) will drop from third to sixth place among the Stras-bourg groups. The only group with less troops than the EDG is the Euro-pean Democratic Alliance (EDA) with a dozen Caullists and half a dozen a dozen Gauliists and half a dozen Irish Flanna Fail MEPs. Given that money, staff and committee assignments depend crucially

seemers and toreign workers, opposi-tion to the European Community, to American "occupation," and interna-tional capital, support for ecological issues, reunification, old-fashioned values and the "little man."

Above all Mr Schönhuber detests

on a group's size, there is a practical logic in the two groups joining forces. But this discounts ideology. It is impossible to see Fianna Fail, a party founded on rejection of the division of founded on rejection of the division of Ireland, being part of such a merger, and not easy to see Gaullists reaching accommodation with the Tories, to the extent that in Strasbourg the latter still take their line on EC policy

from Mrs Thatcher.

One early occasion for a line-up of left and right in the new parliament will be next months's election of a will be next months's election of a president – roughly equivalent to the Speaker of the House of Commons. Before the poll there had been talk that the two largest blocs – the Socialists and Christian Democrats – might mat together and agree that Socialists and Christian Democrats — might get together and agree that each would take the presidency for a two-and-a-half-year period during the new parliament's five-year term. Such a deal now seems unlikely.

The British Labour group is not the province of its and the province of th

The British Labour group is not after the presidency for one of its number, but is ill-disposed to seeing it pass to a non-Socialist. The current prediction is that Mr Enrique Baron, a Spanish Socialist, will replace Lord Plumb, the British Tory, as president, thereby dashing the hopes of such new MEPs as Mr Giscard d'Estaing, a former where President, and Mr Leo former French President, and Mr Leo Tindemans, a former Belgian Foreign Minister, for the job. Labour will certainly make its new weight felt when chairmanships of the 18 standing committees are shared out.

The left/right divide is generally more blurred on the substance of Community policies. This is even true when social policy, such as the European Commission's proposed workers rights charter to which the UK Government so much chiefts is debated. rights charter to which the UK Government so much objects, is debated. Christian Democrats, many with ties to "Christian" trade unions, support such proposals. But even if they did not, it is now probable that the parliament's broad left will be able to push social, environmental and consumer protection proposals through on their

The next five years are certain to see the parliament pushing for greater legislative powers. Indeed in one corner of the Community, Italy, the agitation has already started. In a referendum accompanying their Euro-poil on Sunday, Italians appear to have voted overwhelmingly in favour of the proposition that the new parliament should be a constituent assembly, empowered to draft a constitution for a Euro-government and to send it direct to the national parlia-ments of the 12 for ratification.

ments of the 12 for rathication.

This will be dismissed by most people as Latin froth from a country notorious for its rhetorical attachment to European federalism. But an important brake on this sort of proposal at Strasbourg has been British MEPs, of both the main parties. The latest election has wrought a drastic change in the IIK's representation. change in the UK's representation, eliminating some of the more Thatcherite MEPs and boosting a Labour group now more committed to an active, and co-operative, Community

forced to like Mr Heinz Galia

ski, the unforgiving head of West Germany's small Jewish community. Republican voters come from all

social groups but seem to be concentrated in lower income groups and among the very old and very young. They are also concentrated in the southern states of Baden-Württemberg and Bavaria.

David Goodhart

The wrong loans for students

products, the rational con-sumer selects the item offering the best value for money. Mr Kenneth Baker, the UK Education Secretary, yesterday proved his irrationality. In his statement to the House of Commons he confirmed his determination to press ahead with mortgage-type loans for students, administered by financial institutions. Such a regime may prove better than nothing. But it is inferior to the alternative backed by many academics: loans automatically repaid by adjust-ments to graduates' national insurance contributions.

Mr Baker's scheme was launched - without prior con-sultation - in a white paper last November. A startled financial community was informed by the Education Department that it would be administering a loan scheme on behalf of central govern-ment. The terms of the loans and eligibility conditions would be decided by Mr Baker, the banks and building societ ies would have the privilege of chasing repayments and cop-ing with defaults.

Secret negotiations

Not surprisingly, financial institutions have been reluctant to act as glorified debt collectors for Whitehall. After seven months of secret negotiations. Mr Baker was yesterday still unable to announce a con-crete agreement with the banks. All he could say was that some institutions had agreed his scheme was theoretically feasible. Crucial details - such as the fee the private sector loan collectors will com-

mand – remain undecided. The Government doubtless will get the scheme off the ground. The big clearing banks are unlikely to want to offend ministers. But that will not make it a success. The administrative costs of collecting relatively small sums from suc-cessive cohorts of graduates are likely to be considerable. Default rates will be high if US experience is any guide. Deferment of payment may prove even more popular, given Mr Baker's admission that banks, to save money, will have to allow this whenever an individual says his income is low. But the most serious worry

is that the freezing of the grant and its progressive replace-ment by mortgage-like loans will deter university applica-tions from poor children. The benefits of higher education, unlike those of bricks and mortar, do not seem readily appre-ciated by families from the lower socio-economic groups. Yet these are the students which must be attracted if pledges about widening access are to be fulfilled.

Mr Baker's hostility to loans repaid by higher national insurance contributions (NICs) to 11/sp on NICs would repay half the present grant over 25

scheme is also surprisingly poorly targeted. The small suband housing benefit. A better solution might have been to offer students from poor fami-lies a full grant, and to phase in loans as a replacement for the parental contribution. If adopted, it would even be possible to charge a low real rate of interest on such loans. then be persuaded to inject real resources into higher education instead of acting as pas-

sive debt collectors.
From Mr Baker's point of view, the argument against the NIC repayment scheme is that it does not make students feel sufficiently indebted. The fact that it is cheaper, less prone to default and more equitable than the mortgage-loan alternative apparently counts for nothing. Once again it is ideology rather than logic, or even economics, that is in the driv-

Right time to sell ■ The withdrawal of Sir Y K

Code changes

seems perverse. Administra-tion costs would be far lower than with mortgage loans. An individual's code would have to be changed only twice: when the loan is taken out and when it is fully repaid. The default risk would be greatly reduced because repayments would be deducted at source for the large majority of graduates. Disincentive effects would be minimal: Dr Nicholas Barr of the London School of Economics calculates that an extra 1p

The Government's planned sidised loans will provide limited relief for poor students, who will simultaneously lose their right to income support the NIC repayment route were Financial institutions might

left, a proper centre, and now a proper nationalist right too. The 66-year-old Bavarian who lost The Republican Party appears to have broken that mould. Its 7.1 per cent poll in the European election, following similar success in the West got over losing the war." his job as a TV commentator for writing an unapologetic account of his time in the Waffen SS is a polished He also states firmly that he is not a racist or an anti-Semite and that there is nothing to be said for Hitler. Berlin state election earlier this year,

Pao from Standard Chartered might have just as much to

do with the urgent consolidation of executive time as it has with money. Ever since his decision last

year not to participate in the bank's rights issue, observers have been generally agreed that the disposal of his "personal" 10 per cent stake was only a question of when. The recent strengthening of the bank's share price may have helped recoup the losses he had made on one of his career's less inspired investments, but you probably have to turn to the uncertain plight of his family's interests in Hong Kong, and in Y K's native China, to find the key

to the decision to sell now.

Over the past two years Y K's "number two" son, Peter Woo, has been the family's monthly commuter to Standard Chartered's board meetings, and there is a strong case for arguing that the family needs all of his executive attention at home. Corporate Hong Kong has been shaken to the core by recent events in China, and the Pao family, which is one of the territory's leading landlords, must currently be committing all hands to damage control, and contingency

Perhaps the biggest headaches fall not to Peter Woo, but to "number one" son, Helmut Sohmen, who minds Y K's "moveable" assets - his shipping fleet, and the fledgeling Dragon Airlines, which boasts a flight network linking Hong Kong with a clutch of mainland Chinese cities.

Even as business links with China have been growing over the past two years. Dragonair has found it difficult to pick up all the passengers it would like. The decline in business contacts that has resulted from recent events in Peking could make the task even harder.

OBSERVER Useful dates

■ Birthdays this year: Kenneth Baker, 55. Kenneth Clarke, 49, Sir Geoffrey Howe, 63. Douglas Hurd, 59. Michael Heseltine, 56, Tom King, 56. Nigel Law-son, 57. John Major, 46. Nicho-las Ridely, 60. Margaret Thatcher, 64.

Path to Brady

■ It's a sign of the times in Latin America that economic studies are best-sellers. Her-nando de Soto, the Peruvian economist, has seen his book about the informal economy in Peru, El Otro Sendero (The Other Path), translated and sold across the continent.

The title is a play on words, referring to Peru's maoist gue-rilla organisation, Sendero Luminoso (Shining Path), and the alternative path the country could pursue if it were to harness the dynamism inherent in the informal sector of the economy. On de Soto's calculations, it contributes nearly 40 per cent to the gross domestic product.

The book has just been translated into English and has a forthright introduction from Mario Vargas Llosa, the Peruvian novelist turned presi-dential candidate who helped persuade de Soto to write it. As a former economist for the GATT and managing direc-

tor of Peru's Central Reserve Bank, de Soto argues that a lot of the problems of underdevelopment are the developing countries' own fault. People turn to the informal sector because they feel excluded from the formal economy by too many laws and state con-

trois. A pre-condition for progress is a rebuilding of Peru's – and Latin America's - institutions, especially the judiciary, he writes. "It has been a great mistake in the Brady Plan for



Tory Central Office are looking for a scapegoat."

Latin America to emphasise economic restructuring and ignore this aspect."

Oddly enough, people listen. De Soto has just had an invita-tion from Nicholas Brady, the US Treasury Secretary, to dis-cuss his ideas. They meet next

Spanish chic

■ Obviously Spain's month. First Arantxa Sanchez wins the French Open at the age of 17. Then the country upstages Britain by becoming a full member of the European Monetary System. The European Council meets in Madrd at the end of the week and and there is a wonderfully funny Spanish movie showing in London. Do not be put off by the title. "Women on the verge of a nervous breakdown" sounds enough to keep anyone away. It is very witty, and not

Only one quibble on the

whole Spanish front. It was whose Spanian Front. It was not easy yesterday to find the peseta's central rates against the Ecu. One of the two offi-cials responsible at the EC Commission in Brussels was said to be in Luxembourg, while the other had gaze. while the other had gone home. No one got round to amending the Commission's normally authoritative page on the Reuter screen. The bank of England said a "search of the building" had turned up nothing, while other central banks could find exchange rates for the peseta only against their own units. It was discovered at 6.15 pm that the rate is 133.804, a bit late to move the market.

Fully vacant

■ "Rare," Allsop the auction-eers, called it. Could not remember two sales offerings like it; good location; potential for conversion. Each classified in the catalogue as "freehold public convenience."

The sell-off of public assets has spread to loos. The owner is the Westminster City Coun-

cil, of cemetery sale fame. One is in Foley Street, not far from Oxford Circus and the other in St John's Wood Road, just down the way from Lords cricket ground. Both have four WC cubicles: fully vacant, the catalogue assures buyers.

These are not any old loos.

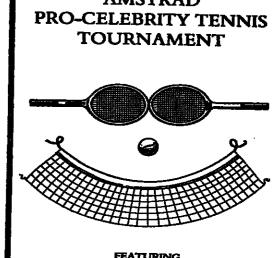
They have the traditional decorated wrought iron gates and fencing and a white tiled stairway downwards. Foley Street has the most imaginative pos-sibilities because it has planning permission for an artist's studio. Guide price is £50,000. St John's Wood is more mun-dane — it seems destined for

Excuses

One of the more bizarre reasons given for not voting in last Thursday's European elections came from an acquaintance who is an accountant. He said he had been attending

storage space - and carries a guide price of £25,000.

the enforced liberalism of the post-war German state and hypocrisy about the past which he believes has corrupted public life. At his rallies he likes to run **AMSTRAD**



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LETTERS

Brain drain means not just numbers, but quality

From Professor Richard Layard find the following: and Mr Jonathan Wadsworth. Sir. Your editorial on academic salaries (June 13) was excellent - except in one respect. You underestimate the problem. You compare the quality of the brain-drain economists with the quality of economists at the London School of Economics without

comparing the quality of LSE with the rest of Britain.

The following figures show how truly awful is the gap between those who have left and those who remain.

If we take the standard jour-

nals (1988 issues) and count the number of writings by different authors which are cited, we

The right to strike

From Mr Neil Moore, In discussing the Sir, In discussing the TGWU's travails in the courts over the docks dispute, Justinian (June 12) refers to "the valuable right of the individual in a democratic society to withdraw his or her labour."
But those who invoke the

right to strike invariably have in mind more than this: the right also to resume work at a time of the individual's own choosing. This ignores the fact that there are other interested parties who also have rights, not least the employer's customers and suppliers.

The planned rail and tube

strike illustrates this point. Those most severely affected will not be the British Rail and London Transport manage-ment, but their customers – notably those thousands of

Sir, Noting Hazel Duffy's

comments on chambers of com-merce (May 31), may I suggest that Mr Cecil Parkinson, the UK Trade and Industry Secre-tary, and the Associated Cham-

down the wrong end of the

In the UK, in the main, man-

ufacturing business is con-

ducted through trade associa-

tions, not chambers of commerce or similar organisa-

tions. To suggest that chambers of commerce could or

should fill the role they do on

The work they do is excel-lent, but with few exceptions

chambers of commerce are quite incapable of tackling

the Continent is nonsen

telescope?

From Mr W.T. Williams.

Brain drain (top eight economists who left the UK) 1,177; LSE (55 staff) 1,051; Oxford (72 staff) 785;

Cambridge (64 staff) 584. Thus, when compared with institutions other than LSE, the quality of the brain drain is.

even more disturbing.

The position would be less serious if Britain still held its former world pre-eminence in economics. This is unfortu-nately far from the case. For example, here are two recent world-wide rankings of eco-nomics departments, on the basis of their publications in the leading economics journals

conscientions folk whose commitment to their employer and his business, be it City firm, shop, school or hospital — is rather greater than the National Union of Railway-men's to BR and LT. They will struggle in to work in condi-tions of stress and discomfort, mischievously made worse for London commuters on this occasion by the deliberate coincidence of two strikes which will not increase the pressure on either employer but multi-

ply the misery for the travel-ling public. Is not the right to work - and to travel to work without nent – as important as the right to strike? Neil Moore,

other than local problems. Indeed, their membership con-

sists largely of service traders.

The London, Sheffield, Bir-mingham and perhaps a dozen more chambers do get success-

be non-starters commercially.
The EIA works amicably

nor should they be.

Renby. Eridge Green, East Sussex

Economic Review 1984 and Econometric Theory 1987):

World-wide rankings, all eco-LSE, four, Oxford, 26; Cambridge, 37;

World-wide rankings, empirical LSR two: Oxford, 40; Cambridge, 19.

This partly reflects the brain drain that has already occurred, and is well reflected in the following horrific statis-tic:

Centre for Labour Economics, The London School of Econom if we take British-educated ics and Political Science, Houghton Street, WC2 Fellows of the Econometric

Funds for higher education

Sir, Mr Robert Jackson, the Minister for Higher Education, offers a very simplistic expla-nation for the academic brain drain. He seeks to absolve the Government of any responsibil-ity for this trend ("Dealing with the brain drain," Letters,

All the accounts that I have seen clearly indicate that the low university salary (and, by implication, the rigid national university pay structure) is only one of a number of reasons for the emigration of United Kingdom academics to North America, and is rarely cited as the most important or

odicals) and declining research support (for example, research staff, laboratory facilities and equipment), all directly related to the Government's unwilling-ness to fund the real costs of running UK universities, are also important reasons for the academic brain drain. The low morale among British academics, which has been induced by the Government's treatment of universities dur-

We urge Mr Robert Jackson

the Higher Education Minister, to arrange for a comprehensive

evaluation of these issues.

Richard Layard,

Jonathan Wadsworth,

reatment of differenties thereing the past 10 years, is a fur-ther important "push" factor. Contrary to Mr Jackson's view, much of the blame for the academic brain drain must be placed with the Govern-C.M. Mason.

13 Tanhouse Close, Hedge End, Southampton, Hampshire

A question of principle

From Mr B.V. Payne.
Sir, Lord Havers' suggested solution to the Outhwaite problem reminds me of the story of George Bernard Shaw, who asked a socialite if she would sell her body for £1m. She said "yes" - but when he asked her if she would do the same for aixpence, the answer was:
"What do you think I am?"
Shaw replied: "We have established that, madam. We are now hagging about the price." I am surprised that Lord Havers seeks to put Lloyd's in the same position as the unprincipled lady at the party. B.V. Payne, 191 Forest Road, Tunbridge Wells, Kent

From Mr C.M. Mason. in the costs of books and peri-

only factor

Deteriorating working condi-tions (as reflected, for example, in university library budgets which fail to match increases

Trade associations could amalgamate with them all. But it is from the trade associations that the essential regeneration of industry will come. I accept that there are far too many of these: some amalgamation is long overdue. A plethora of organi-sations makes consultation time-consuming and untidy -but consultation should not be

more chambers to get successfully involved in exports and manufacturing, but I doubt whether any chambers are in any way concerned with the engineering, research, or technical aspects of manufacture; nor should they be Let us not confuse the shadow with the substance. Mr Proponents of chambers do them little good by pushing them into areas where they are Parkinson should start talking in depth with trade associations before launching any more moist if not downright damp squibs. We really do ill-equipped to cope. Indeed, if it were not for the monopoly held by the chambers for certifknow our business. icates of origin and so on, I suspect a large number would W.T. Williams, Engineering Industries Associa-

tion (EIA), 16 Dartmouth Street, SW1

suppressed the pro-democracy demonstrators has, not surpris-ingly, caused outrage in the western world, as well as in some communist nations of eastern Europe. For Europeans, the death sentences meeted out to "rioters," the manipulation of news films to make it look as if the students had attacked the soldiers on

The brutal manner in

which the Chinese lead-

ership and army have

Society - roughly the equiva-lent of Fellows of the Royal Society - nearly half of them Tiananmen Square and the now work in North America. official propaganda campaign accusing them of being "count-er-revolutionaries," has an all It would be interesting to have comparable statistics to in these heady days of glas-nost, when the most powerful communist leader in the world these for other subjects. But we should be surprised if eco-nomics alone were in diffi-

has been busy embracing babies in Bonn and receiving the cheers of ecstatic steelworkers in Dortmund, we were unexpectedly given a sharp reminder of the Stalinist purges of the 1930s, of Budapest in 1956 and Prague in 1968. Just when everyone thought that communism, even in China, had turned the corner and that we had embarked on a new era of peaceful East-West co-operation and friend-ship, the situation has sud-denly begun to look much

more fragile.

If things can go so seriously, and so quickly, wrong in China

which embarked on its own brand of perestroika some brand of perestroika some seven years before Mr Gorba-chev came to power – then, some argue, the same could happen in the Soviet Union. That, at least, would be Mrs Margaret Thatcher's opinion. The Prime Minister and Sir Geoffrey Howe, her Foreign Secretary, have not ceased to warn the world that Mr Gorbachev's reign could be very transient and that the West must remain prepared for a return to less enlightened Soviet policies. This is a view that the West

German Government and peo-

ple clearly do not share, even in the light of recent events in China, as they demonstrated in their enthusiastic reception of Mr Gorbachev last week. Though their western partners must have some reservations about the passionate embrace they gave the Soviet leader, the Germans are probably right not to draw too many parallels between the situation in the Soviet Union and China. For a long time, the Soviet and Chinese Communist Parties have taken separate paths and their attitudes towards reform differ in a number of fundamental respects. Not least, Mr Gorbachev is a dynamic leader nearly 30 years younger than the octogenarian and alling Deng Xiaoping and, unlike the latter, appears to be in full command of his party's

FOREIGN AFFAIRS

Salvage from the wreckage

Robert Mauthner asks what the western response should be to the recent crack-down in China

One of the most significant differences between the Soviet and Chinese reform concepts is that the Moscow version contains an explicit political ele-ment which the Peking formula lacks. Mr Gorbachev has always made it clear that the restructuring which, everyone agrees, is required to make the Soviet economy more marketoriented and internationally competitive, cannot be achieved unless it goes handin-hand with greater political and personal freedom.

The Soviet leader has been as good as his word. The elections to the Congress of Peo-ple's Deputies last March were the first important step on the road to more democratic gov-ernment in the Soviet Union.

as it does in Moscow or in western capitals. While it is true that Zhao Ziyang, the Party leader who has reportedly been deposed, argued in favour of making the Party more accountable to the people and of separating it from the government, nothing of the sort has happened. Openness has always been interpreted by Deng Xiaoping and his hard-line politburo supporters as essentially an opening of the country to foreign technology, capital and trade. In the highest official quarters, it has never taken on the broader sense of an opening of the whole political system.

The liberalisation which has occurred has been mainly the practical result of the early success of Deng's economic

Some argue that if things can go so wrong in China, the same could happen in the Soviet Union

At the same time, freedom of speech and freedom of the press, though by no means complete, have at least reached the stage where the country's political leadership and bureaucracy can be openly criticised. Mr Gorbachev's policies are still contested by certain sections of the Party and the bureaucracy, and the success of his economic reforms assured himself of wide public support - thanks mainly to the creation of a more open and, by previous Russian stan-dards, more democratic soci-

ety.

The same can hardly be said

Western of Deng Xiaoping. Western observers have often been mis-taken in believing that glasnost means the same in Peking

reforms. Rapid economic growth, decentralisation, the development of private enter-prise and the opening of the country to foreign businessmen. technicians, teachers and students, created a more relaxed social climate but only the illusion of greater democ racy. Yet even this limited ening of the rems provoked fears among the hardliners that the party was no longer in full control and losing its leading role."

The greater flexibility and freedom that the economic reforms have brought are now likely to be held responsible for provoking demands for the political and social reforms which the students called for during their brief spell of freedom in Tiananmen Square.

That view is compounded by the hardliners' conviction that the recent deterioration of the economy and, particularly the persistent rise of inflation, is largely the fault of the devolution of economic decision-making. To judge by the remarks of Li Peng, the hardline Prime Minister, which were made even before the tragic events at the beginning of this month, more centralised control by the Party over the economy is likely to follow on the heels of the political clamp-down that is already under program.

is already under way.
Contrary to his liberal image
in the West, Deng has never
hesitated to clamp down on
political dissent and was
responsible for the ruthless suppression of the Democracy Wall movement 10 years ago, to name but one outstanding example. He is likely to be much more reluctant to see a similar return to communist orthodoxy in the economic field, a move which would negate his own handiwork, But that presupposes that he is still in complete control, an assumption which may be doubted both because of his age and ill-health and the

events of the past few weeks. What, in the circumstances, can the West do to show its disapproval of the Chinese Government apart from the preliminary gestures made by the US to suspend all government-to-government exports and commercial arms sales to China and Britain's decision to cancel a joint meeting on Hong Kong? Comprehensive global sanctions are not likely to win general support. The most effective sanctions will be those applied by private companies and businessmen, who will hesitate to resume their activities in an atmosphere of political terror and centralised

economic control.

For the moment, the wisest course of action for the West is to wait for the outcome of the leadership battle and to see what its policy implications are. Though they would assuage public and parliamentary opinion, hasty punitive measures while the political situation in Peking is still uncertain are likely to be counter-productive.

China has a long history of isolating itself from the outside world and could do so again, at least for a period, particularly if its historical sensitivity about western interference in its internal affairs was aroused. To preserve even the smallest chance that some of the limited freedoms won by the Chinese people over the past decade might be saved from the wreckage of Tiananmen Square, the West must ensure that an opening remains in the bamboo curtain.

'Please, Mr Bottomley, be brave'

Sir, Mr Peter Bottomley, the Minister for Roads and Traffic, presents the notion that the options provided by the consultants to whom the Department of Transport have sub-contracted their work are alternatives (Letters, June 12). This contains the dangerous implication that one or more of the published options has to be

The objections to the proposals, already voiced by enormous numbers of people in London, should have led a that he did not have to pursue any of the options proposed by the consultants. Following on from this, the organ blast of public opinion opposed to options which would involve the construction of important new roads should have led him to decide against any of them. This would include the "Western Environmental Improvement Route" – weasel synonym for a motorway through Earl's Court, where the sinister processes have reached a more advanced stage. Public inquiries have been held, not (as you might expect) in order to air views on whether the local people want this road, but on which of vari-ous roads would be least offensive — in other words, no option at all so far as building a new road is concerned.

Mr Bottomley should also consider the catastrophic damage caused by his agents (the consultants) both to the values and the transferability of property in any area where their "optional" roads are postulated. It sits ill with the policies of the present Governmen that it should have inflicted this kind of deprivation on so many people in London. So come on, please, Mr Bot-

SORRY WE'RE DUE TO MEET MR. BOTTOMLEY INFIVE MINUTES WITH OUR PROPOSALS FOR LONDON'S FIRST INTEGRATED TRANSPORT SYSTEM

tomley, be brave. Say that overwhelming public opinion shows that Londoners do not want roads through London to help commuters and through-traffickers. Say that you will concentrate on improving the public transport system, which clearly needs more money and much better management. Say that otherwise you will spend money on improving existing roads. If (with a suitable flour-ish) you cancel the consulwork on the grandlose road options, you could move from local ogre to local hero in one easy jump. Michael Valentine,

33 Keswick Road, SW15 Sir, Mr Peter Bottomley, the Minister for Roads and Traffic, says (Letters, June 12) that new road options should be conceived with great care and sensitivity for the environment and social fabric of the areas concerned, and no plans will be put forward that do more

his sentiments with option alternatives published by the Department of Transport. These involve the wholesale

harm than good. It is impossible to reconcile destruction of hundreds of London homes and enormous environmental damage.

No one disputes that London's transport policy is in a mess. Building more roads may make sense to building conmake sense to building con-tractors, but new inner ring roads and other "improve-ments" designed to relieve the congested M25 by bringing more private cars into London

Although it is reassuring that the Government is being required, through membership of the EC, to improve the qual-ity of the water we drink and the air we breathe, we still have responsibilities to safeguard our own environment. Apart from the appalling way in which the Government is in which the Government is addressing the capital's transport problems, one can also point to what Colin Amery, your architecture correspondent (June 12), calls the "incredible" decision by the Environment Secretary to allow the demoliter of allows. allow the demolition of almost the last acre of significant 19th century architecture in the City of London.

K.J. Fane Saunders. 24 Dryburgh Road, SW15

Sir, it is to be regretted that the difficult problems of London's transport needs are being tackled by a minister ideologically averse to an integrated transport policy for the capital.

The various assessment and rail studies have been commissioned with terms of reference which preclude an overall view of needs and solutions. This is one reason, among others, why the assessment study options are indeed – despite Mr Peter-Bottomley's denial (Letters, June 12) - dominated by road proposals (Letters, June 14).

Mr Bottomley is also incor-rect in claiming that London boroughs are in agreement with the objectives of the assessment studies. The borough of Haringey refused to take part in the East London study because it considered that the Department of Trans-port's consultants would put forward road solutions, and pay lip service only to alterna-tive and complements tive and complementary means of transport. The East London options so far published confirm Haringey's view.

It is particularly unfortunate that Mr Bottomley and his offi-cials accuse local community groups across London of "hysteria", and of causing blight on their own homes by drawing attention to the consultants' reports. Indeed, Haringey was accused by Mr Bottomley of "scare, mongaring" when "scare-mongering" when recently it circulated, to concerned residents, a summary of the East London options. Transport and environmental issues demand more thought and more honesty than that. A.C. Davey, Friends of the Parkland Walk, Station House, Stapleton Hall Road, N4

ownership;

They penalise job mobility, when all the emphasis should be on flexibility in job pat-

 They enjoy tax subsidies; higher taxes on the very poor (who are excluded from pension schemes) and on averag workers (who are penalised) are used to enhance the crosssubsidised pensions of the minority.

Philip Chappell,



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Dilemma for Lloyd's

From Mr Anthony Mitchley.
Sir, Mr Edward de Bono's requiem for "Lloyd's decline" (June 17) lists five causes, most of which apply to the insurance industry as a whole.

He invents a sixth cause in urging that "the Outhwaite affair must be settled equitably," as if the long-suffering members of Lloyd's must now meet others' losses on some equitable ground beyond the legal liability of "each for his own part." Many other syndi-cates have made calls of over 100 per cent of members' lines. Are they to have the benefit of this equitable principle? No doubt the continuing losses of some syndicates have often been caused by bad insurance underwriting. The

conflict of interest at Lloyd's has not been excised by "divestment." Bad insurance is often better than no insurance, where the managing agent, with limited liability, is guaranteed all his expenses as well as his fees, irrespective of prof-itability, from his members with unlimited liability.

For the purpose of growth, volume of business becomes paramount. It is surely wrong for managing agents to be declaring an increase of 125 per cent in profits while making calls of 125 per cent from their members. Surely these should meet the losses of their syndicates before reaping the profits from bad insurance?. Anthony O.R. Mitchley, 15 Bryanston Square, W1

Capped by logic

From Mr Philip Chappell.
Sir, Dinosaurs' tears cut no ice (if I add another mixed metaphor to the gaggle which salary "caps" have generated).

Once the National Association of Pension Funds has accepted an earnings-related 260,000 salary cap for tax-allowable pension contributions, it has accepted the principle that the tax subsidies presently given to pension funds have an inequitable effect. Following Mr Dawesey's argument (Letters, June 11), what logic lies in the figure of £60,000? Occupational pension funds, as they have developed in the

UK, are a "scandal" on three simple counts: • They concentrate ownership, when we should be giving 22 Frognal Lane, NW3

every encouragement to wider

At least we can agree on the need to press the Chancellor for a green paper on savings which must either justify the present shambles or propose a more tax-neutral environment.



Greek communists reject Mitsotakis coalition plan

GREECE'S OPPOSITION Communists late last night rejected a proposal by Conservative opposition leader Mr a temporary coalition govern-ment with the main task of bringing members of the outgoing socialist government (Pasok) involved in financial scandals to justice and holding

repeat general elections. The conservative New Democracy party led by Mr Mitsotakis came first in terms of votes in Sunday's inconclusive Greek general election, but owing to the current elecabsolute majority of seats in the 300 member house. The

result has opened the possibil-ity for rule by coalition govern-

The Communist announcement indirectly rejected Mr Mitsotakis' proposal by saying that the Communist Alliance a coalition between the Euro-Communist and Moscow line wings of the Greek Communist movement, which came third on Sunday, would seek to form its own coalition with memhers of the outgoing socialist party not implicated in finan-cial misdemeanors.

The Communists' decision was not a surprise given that Mr Mitsotakis, a symbol of the old right in Greece, is a figure whom the Greek left have tra-

ditionally loved to hate. The Communists' response, how-ever, dashed Mr Mitsotakis' hopes of quickly gaining the Prime Ministerial office.

Under the Greek constitution following Sunday's inconclusive result, the President of the Republic must ask each of the top three party leaders in order of strength to try to set up a viable government. According to constitutional experts it is unclear whether a minority government could be considered legal if it does not com-mand 151 seats in the house but enjoys the silent support of an opposition majority. If the matter is decided in favour of a take office alone in order to lead the country to new elec-

If none of the three major parties succeed in forming a viable government then a caretaker government is formed and would be responsible for holding repeat elections. The open question following the Communists' decision was whether they could hope to gather a sufficient number of

socialist deputies whose names have not been implicated in financial scandal to achieve a majority of seats in the house. In Sunday's contest the Socialists scored 125 seats and the Communists 29. If the latter demand, as they have indi-cated they will, the removal of the acting Prime Minister, Mr Andreas Papandreou from the leadership of the Socialist party it is conceivable that a number of Socialist deputies

will go with him. The Socialists owed their defeat mainly to entanglement in a fraud scandal involving Mr George Koskotas, a former banker and press baron, which has scandalised the country. A law specifies that minis-ters implicated must be prose-cuted by the parliamentary assembly which emerges from Sunday's election, otherwise their offences will be written

Commission

EUROPE'S largest and most

ambitious collaborative research project into semicon-ductor technology is to receive almost Ecuibu (\$1.02bn)from the European Commission

over the next eight years. The Commission's decision

announced at a meeting of European Industry Ministers in Vienna yesterday, will give Bressels an influential role in

European efforts to catch up with the Japanese and US chip manufacturing industries.

It also marks a tentative shift of policy at the Commission, which up to now has stuck strictly to support for pre-competitive research projects. Although the Commission will maintain this stance

in the chip project, some ele-ments of the plan are much more market-oriented than

past.
The Commission is to provide a quarter of the Ecua.8tm being put into the programme, being put into the programme.

known as Joint European Sub-micron Silicon (Jessi). Half of the funding will come directly from the industrial companies in the project, with the other 25 per cent being provided by individual European Govern-

The funding structure fol-

sion.

Jessi, launched at the same

time as a similar venture in the US, was originally con-

organisation for cellaborative projects in advanced technol-

ogy. However, the initial part

nership arrangement between Philips and Siemens, helped by

their respective Governments in the Netherlands and West Germany, was later expanded to include other companies

to fund

microchip

research

By Judy Dempsey in Vienna and

Terry Dodsworth

A coy saviour for Gateway **Gateway Corporation**

The market has learnt not to get its hopes up over the famous counter hid for Gate-way, and until late yesterday was betting 2 to 1 against a real live bid from the Wasser-stein Perella camp actually appearing. Indeed, the long fruitless wait for a bid whose details were were being gener-ously leaked into the market does not inspire confidence; neither does it inspire much admiration about the conduct of this messy transaction. The pause cannot have pleased the Takeover Panel much, and Isosceles can properly argue that yet another false element has been added to the market. Investors' caution in pushing the shares up a mere 3p to 215p was quite understandable. Not only did KKR fail to make the thing work, but the idea of keeping most of the super-stores the greatest consumers stores - the greatest consumers of cash in the retail sector - sits oddly with such a highly lever-aged hid. Still, if the bankers are happy with 225p, Gate-way's shareholders would at least be compensated for the 7 per cent rise in the food retail-

ing sector since the Isosceles bid was raised. The market assumes - per-haps over confidently - that Isosceles would not be inclined to increase its offer any fur-ther. In the event of a retreat, at least it would not owe its advisers a penny, and the £26m profit on its stake seems decent compensation for a few sleepless nights.

Spain The enthusiasm with which the financial markets greeted. Spain's entry into the European Monetary System has caused something of a dilemma for the authorities. Having coaxed the Spanish peseta lower over the last month or so, the entry exchange rate against the D-mark is still higher than many expected, and was even higher yesterday after more hot money flowed into the Spanish bond market.

Presumably, the argument is that the stability offered by EMS membership will enable foreign investors to take advantage of the high yields offered on Spanish paper, while reducing the right of turnweight.

reducing the risk of unpredict-The Spanish equity market takes longer to respond to events than some other mar- that it must be tempting to thets and so its minimal reaction yesterday is not much of a guide. It has had a good run in an index fund, without the over the last few months and fees. In the near term, though yesterday's drop in short-term the prospects for BET's shares interest rates should improve are if anything better than the sentiment, especially if it is walldated by official rates.

are if anything better than the market average. Estimated earnings growth of 10 per cent

However, if Spain is entering the EMS with an overvalued currency, the deflationary implications for the country's economic growth will have a painful knock-on effect on the corporate sector's above-average earnings growth.

Hunting

Given the market's obsessive desire to break up companies into their constituent parts, it was odd to see the Hunting family yesterday putting the bits of its empire back together again. It was even odder that the justification for the merger was identical to that given for was identical to that given for all the recent demergers: that the market was not recognis-ing the value of the various bits as presently constructed. But the oddest thing was how well investors liked it, suggesting at first sight that the corporate fashion is about to change once again. The

to change once again. The resulting company displays the ultimate dowdiness of combin-ing oil assets with industrial ones, which everyone else has long since abandoned. How-ever it also has shed one of the market's even greater hates - a complicated corporate struc-ture with a mass of cross shareholdings - and in this fad-dish and imperfect market that is evidently worth between 10 and 15 per cent on the shares.

Over th BET share price has tracked the market with such precision

"At 9.95%, my

new mortgage rate's

unheard of.

in the current year - a pros-pect which looked decidedly less than scintillating six less than scintilizing six months ago — appears ever more attractive as economic uncertainty grows. BET's chances of delighting the market are fairly slim, but its chances of delivering a nasty shock are even slimmer. Cleaning toilets may not be everyone's idea of fun; but it is nice work if you can get it in a nice work if you can get it in a

Over the past six months or so, BET has certainly seen its image re-rated, even if its share price has not yet truly got into the act. BET's issue of American preference shares has done a lot for corporate appearances. The market had been used to torrents of stock from BET, but last year's increase in outstanding shares of 3.9 per cent was hardly disor 3.9 per cent was natury dis-tressing. And given that it can issue a total of \$500m in US preference shares, this should ensure that BET can avoid issuing too much in the way of ordinary shares for some time to come. Whether or not BET ends up being right about the potential for contracting out services in Europe, there is ample positive news to go on at the moment: and with the shares on a prospective yield at a 25 per cent premium to the market average, there is scant reason for underperformance.

Hambros

It is easy to be rude about Hambros' strategy. Having looked rather clever by sidestepping the general move into the securities business in 1986-87, Hambros' leap into the estate agency world is begin-ning to look like an unmitigated disaster. The slump in the housing market means that instead of earning annual profits of around £25m from this side of its business, it will probably show a small loss this ear and the overall earnings

year and the overall earnings for the next couple of years are going to be flat at best.

But however misguided this venture may be — and if it buys out the minority in Hambro Countrywide it could still have been active long-term prove to be an astute long-term move - Hambros is the only major merchant bank which makes a half-way decent int to explain where its 1988-89 profits came from. This makes it easier to criticise the quality of its earnings, but the stock market has to take it on trust that S.G. Warburg's prof-its are any better quality. It seems a trifle inconsistent that Hambros' shares should yield a fifth more than S.C. Workston fifth more than S.G. Warburg's. yet the latter's return on capi-tal is considerably smaller.

Telling the good from the bad

The US is weighing its options in South Africa, writes Lionel Barber

URING a recent pep-talk to foreign service professionals at the US State Department, Mr James Baker was asked to identify policy failures under former President Ronald Reagan. "Central America and South Africa," he shot back.

The answer baffled those present. Many considered the US role in sponsoring the Namibia-Angola settlement a clear success. But the new Secretary of State was adamant. Congress's vote in 1986 to override a presidential veto and approve economic sanctions against South Africa amounted to bad policy and, like Central America, represented a break-down between the executive

and legislative branch.

Mr Baker's desire for co-operation between the Republican White House and the Democratic Congress is a useful policy pointer now that the Administration is renewing its interest in South Africa. President George Bush.

expressing an abhorrence of apartheid, has already charmed the combustible Archbishop Desmond Tutu at the White House. Mr F.W. de Klerk South Africa's next president, is due to visit Washington later

Mr de Klerk would be the first leader of the Pretoria gov-ernment to visit the US in 30 years. The word is that this is merely a "mutual sizing-up ses-sion," but some officials believe the trip offers an opportunity for the US to renew efforts to open a dialogue between Pretoria and opposi-tion groups, including the Afri-can National Congress.

The questions are whether the Administration – which is preoccupied with East-West relations and the Middle East – shares this sense of urgency; whether it may be willing, as one senior official suggests, to allow Britain, which hosts Mr de Klerk this week, to shoulder a greater diplomatic role; and how it intends to deal with the Democratic majority in Congress, which is considering a further, far tougher package of economic sanctions against

By David Goodhart in Bonn

THE Soviet Union has signed a

sonal computers from Siemens.

the West German electronics

group. The deal, thought to be the Soviet Union's biggest ever

outside order for computers, will involve delivery of up to

300,000 machines.

Details have yet to be worked out, but Siemens confirmed Moscow would pay in Western currencies. Some





To date, the Administration's tempo has been more adagio than allegro. A policy review on southern Africa is not yet complete and Mr Hank Cohen, successor to Mr Chester Crocker, the senior State Department official who spent eight years mediating the Angola-Namibia accords, has remained deliberately opaque. Yet the atmosphere of exter-

nal calm is misleading. Last April, Mobil Corporation, the largest US company still In South Africa, announced it was pulling out. Mobil, with \$400m in assets and nearly 3,000 employees there, led the anti-sanctions campaign in the US; its disinvestment strips the movement of its most articu-

The oil company blamed a 1967 change in tax law, spon-sored by Congressman Charles Rangel of New York, which banned US companies from claiming an American tax benefit for taxes which their South African operations paid to the Pretoria Government. Its decision may be a watershed. Until the Mobil pull-out, US

disinvestment was slowing. Only 28 companies withdrew last year, compared with 52 in

reports suggested the foreign currency would be obtained from the sale of Soviet chemi-

cals through a British trading

News of the agreement comes a few days after the end of Mr Mikhail Gorbachev's

visit to West Germany. No large orders were announced then but Mr Gorbachev spent much of his time talking with

1986 and 56 in 1987, according to the Washington-based investor Responsibility Research Centre. One reason was that the biggest companies have already folded their tents; another is that the 136 US busi-nesses which remain believe their presence can be a positive force for political change.

Bishop Tutu's recent mission to Washington was marked by sanctions. Some lawmakers appear to be having second thoughts too. In the newly mercantilist mood in Congress, ome have noted that Japan replaced the US as South Africa's major trading partner

This has not deterred Congressman Ron Dellums, the California Democrat, from pressing his bill for new, com-prehensive and multilateral sanctions against South Africa. Mr Dellums, who first intro-duced sanctions legislation in 1971 and secured part of his goal in 1986, has already amassed 135 signatures in the House. But, as he recognises, the key to passage lies in the US Senat

Mr Dellums met recently with Senator George Mitchell,

It appears the computers will be used mainly by the Educa-tion Ministry and research institutes. Deliveries are meant

to take place over the next

three years with the possibility

of extending the agreement for

Delivery volume may vary, dependent on whether the Soviet Union tries to build the machines under licence.

the new Senate Democratic Majority leader, to discuss the timetable for legislation, and to urge the Senate to take the lead. Senator Mitchell, who voted for the 1986 sanctions, may move early – but he too knows that to win he needs at least 60 votes to head off a cer-tain Republican filibuster led

by Senator Jesse Helms,
The notion of allowing Britain a greater diplomatic role sounds plausible, with one caveat. The Soviet Union too has indicated it wishes to play a role in the region. The Soviet contribution towards pr ting the Angola-Namibia accords through pressure on its Cuban client state was one important sign; Moscow's recent public attempts to play down its role as patron of revo-

lution is another. Mr Baker thinks he has learnt from the foreign policy failures of the Reagan administration. The test will be whether he can adapt to a new era where a country such as South Africa does not fit easily on the East-West chessboard and where, as one expert in Washington says, "it is no lon-ger so easy to tell the bad guys from the good guys."

The Commission, through its Esprit co-operative research programme, became involved last year because of its increasing anxiety over Europe's weakness in sei Siemens signs DM1.5bn Soviet PC deal

Chip manufacturing is regarded as a basic technology which exercises a vital influ ence over other electronics products. Dependence on over-seas supplies for these compo-nents became a political issue which controls high-tech exports to the Soviet Union. appears quite relaxed about when a number of European were starved of memory chips the order. Earlier this year, a number of items including varduring the acute shortage that developed last year. Industrial-ists and officials have since puter were removed from Cocom's restricted list." Siemens' breakthrough in complained privately that European companies were deliberately discriminated against by Japanese suppliers. The initial stage of Jessi is the first by a West German company and beat competition to run for 18 months, with start-up funding of Ecu500m to

start-up funding of Ecusions to
be financed out of existing
funds. According to Mr Paudolfi, the project will be
divided into four parts:

• Co-operative research to
develop advanced technologies
for memory and logic devices.

• Passersh and development Research and development on production equipment and materials related to semiconductor production.

 Co-operation on develop-ment and standardisation of new computer-aided design tools needed to design advanced circuits.

Continued from Page 1 But he flatly rejected a revision of the EC Treaty, as called for by the Delors report, because the British Government did not consider that acceptance of the first stage

ing at Pta 64.

was not surprised at strong

end of its first day in the EMS, and that intervention buying during the day amounting to \$419m was not "excessive Dealers in Madrid also reported very heavy buying in Government treasury bills letras del tesoro - yesterday as foreign and domestic buyers rushed to take advantage of high yields in Government paper. There is a widespread market perception that interest rates have now peaked," said an analyst, "and that this will

put downward pressure on

But then. how many people have heard of the ECU?"

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household, perhaps it should be. The ECU interest rate is currently 9.95%. And since the currency was reweighted in 1984, it has consistently offered ificantly lower interest rates than sterling.

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WORLD WEATHER

Continued from Page 1 reviewing the possibility of making a recommended offer. However, some details of the proposed financing arrangements involved in the Wasser-stein bid - should it materialise - did become clearer. It is thought that the bid would be pitched at about 225p-a-share, valuing Cateway at just under £2bn. However, the total funding package, after taking in the

Gateway in the balance refinancing of existing Gateway debt, would be nearer to

This would be met by some £1.5bn of senior debt, which US bank J.P. Morgan is thought to be arranging along with Citi-

Yesterday, the Gateway share price rose 3p to 215p - 5p above the Isosceles terms but well short of the rumoured Wasserstein price.

A 77 C-Cloudy De-Octazio F-Fair Fg-Fog H-Hall R-Bain 27 81 S-Sun St-Staat So-Encor T-Pounder

a further two.

Cocom, the Western agency from Italy and the US.

ious types of personal com-

European Parliament members in Wales or Scotland. In spite of the obvious disap-

that this year's expected cabi-net reshuffle would come at the end of July at the earliest, while Mrs Thatcher would not be pushed by "mid-term blues" into any policy U-turn. The Prime Minister is expected to underline again her

Thatcher 'disappointed'

Continued from Page 1 tury. The results also left the

pointment, however, ministers launched a determined campaign to play down the signifi-cance of the result and to rule out any panic changes in policy or cabinet personnel.

opposition to European Com-munity plans for closer monetary integration and for a new European-wide social charter

Downing Street indicated at next week's EC summit

Paris, Bonn challenge UK on union interest in the peseta at the

should imply any commitment to a federal European banking At a press conference, Mr Gonzalez said there was no prospect that an "exclusive" agreement on stage one of the monetary union proposals announced the cur would be approved unani- entry into the system mously by the European Coun-

writes: The Spanish peseta strengthened sharply against the D-Mark yesterday in its first day as a fully integrated member of the European Monetary System. Dealers in Madrid said the peseta closed at Pta 63.35 to the D-Mark, after open-

The Spanish Finance Minis-try had fixed the pesets's central rate in the EMS at Pta 65 to the D-Mark when it announced the currency's The Bank of Spain said it



FINANCIAL TIMES COMPANIES & MARKETS

Tuesday June 20 1989



INSIDE

Canadians dig in for last-ditch effort



the reform package designed to make Canada's federallyregulated financial equipped to compete on a global scale is nearing completion. David Owen reports on the last-ditch, furious lobbying cam-paign being mounted by banks, trust com-panies and insurance groups in an effort to influence the

Ecu bond market ruffled by iberian newcomers

Ecu bond prices yesterday dipped before recovering to close at about the previous level after EC Finance Ministers agreed the terms under which the Spanish peseta and Portuguese escudo will become part of the Ecu bas-ket of European currencies. Page 26

Something old, something new

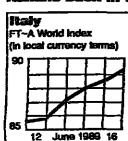


Grand and venerable, yes; dull and dowdy, no. Baron Janssen, the amiable yet highly forceful chairman of Solvay, Belgium's biggest chemicals company, is keen to dispet images of the group as a producer of old-fashioned materials run by a bunch of toffs. This view is outdated, he tells Peter Marsh. Page 23

Time for some self-analysis

Physician, heal (or rather analyse) thyself. UK equity researchers are due for a bout of navel-gazing. A recent survey found that one in four company directors thought the standard of research had deteriorated in the past year and many institutional fund managers say they are not satisfied with the service they are receiv-ing. Philip Coggan reports. Page 31

Italians bask in the limelight



Italy, basking in a 12-day bull run, the limelight among world markets last week as investors, afraid of being left standing, scrambled to buy stock. Although it slipped back slightly yester-day, the Italian mar-ket gained a robust

currency terms last week. Simon Greaves reports. Page 48

Guinness Mahon takeover move The directors of Guinness Mahon, the London merchant banking group, are advising shareholders that it might be to their advantage not to accept the agreed takeover offer by Bank of Yokohama. The bank agreed to buy a 61 per cent stake in Guinness Mahon from the bank creditors of Equiticorp. But under the Takeover

price for the remaining shares. Page 28

Market Statistics

Base lending rates Benchmark Govt bonds European options exch FT-A world indices FT int bond service rmancial tutures Foreign exchanges

Airlines of Europe

5

London share service London traded options London tradit, options Money markets New int. bond issues World commodity prices World stock mkt indices

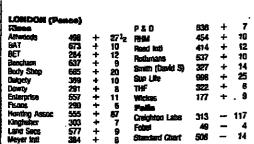
Companies in this section

Ausralian Nat Indust Banco Hispano Amer. Brierley Investments CPU Computers Cassidy Brothers Commerzbank Computer Assoc Creighton Labs Enso-Gutzelt Erskine House Group Guinness Mahon

Magnum Meat Trade Suppliers Melville Street Invs Moorfield Estates Nat Semiconductor Premier Rauma-Repola Reject Shop Saint-Gobain South Green Holdings 29 Sterling Publishing TR Technology Time Warner Comms Wheeling Stamping Wilson Neill World of Legither

Hunting Petroleum

Chief price changes yesterday PARIS (FFr) 1470 + 84.7 508 + 15.4 495 - 29.3 77.1 - 5.1 493 - 23.8 362 - 17.2 475 1655 TOKYO (Yen) Elses Ansawa 2 Takuna 10 2250 + 260 1060 + 105 7 3340 + 409 Falls Pan Am Time



NWA accepts Checchi-led offer | Hispano buys 5%

NWA, parent of Northwest gramme of substantial growth."

Airlines, the fourth-largest US If the offer succeeds, it would Airlines, the fourth-largest US carrier, agreed yesterday to a \$3.65bn takeover offer from a group of investors led by Mr Alfred Checchi, a Los Angeles businessman, which includes KLM Royal Dutch Airlines and the finance arm of Elders IXL,

the finance arm of Elders IXL, the Australian group.

The Checchi investors, considered "totally friendly" by NWA's management, will begin soon a \$121-a-share tender offer for the 95.1 per cent of NWA's stock they do not already own. The fight for control of NWA began when the company disclosed Mr Checchi's 4.9 per cent stake in late March.

"Our business plan is to strengthen the airline and build on its recent successful operating on its recent successful operating performance," Mr Checchi said. "Our financing plan has been

designed to accommodate a pro-

By Max Wilkinson in London

ENTERPRISE OIL, the UK independent exploration and pro-

duction company, yesterday won a court battle to proceed with the

acquisition of almost \$1bn worth of North Sea Assets from Texas Eastern, the US oil and gas com-

pany.

Following an agreed deal between the two companies, worth a total of \$1.4bn, British Ges and US oil company Amerada Hess sought to exercise preemption rights over some of the assets of Texas Eastern North See Incorporated (TENSI), result-

Sea Incorporated (TENSI), result-

ing from partnerships in some North Sea fields. They claimed

that the rights gave them first refusal to buy the Texas Eastern

However, Mr Justice Evans ruled in the high court yesterday

ruled in the high court yesterday that the 1985 agreement on which British Gas and Amerada were relying could not be implemented in a way that was both fair and reasonably simple. The issue was brought to the high court at the request of Texas Eastern, which is anxious to complete the deal with Enterprise as soon as possible

The pre-emption agreements

were set up 25 years ago when British Gas was building up a

portfolio of oil and gas assets in

They relate to partnerships

with Amerada, Texas Eastern and Amoco, another US oil com-

pany. Amoco, however, opted not

to exercise its pre-emption

the North Sea.

Enterprise Oil

wins court battle

deal a damaging blow to Pan Am which was offering to take over NWA to ensure the survival of its struggling Pan American World Airways subsidiary. Pan Am said it would "continue to review its options" and gave no indication of whether it would raise its bid. The value was not disclosed but was believed to be about \$115 a

The market reacted positively to NWA's acceptance of the Checchi offer made through a vehicle called Wings Holdings. NWA's shares rose \$6% to \$114%, indic-ating that investors thought a counter bid unlikely. Pan Am's shares dropped \$\% to \$3\% and its bond issues plummeted some \$5 to around \$67-\$70. Investors are deeply concerned about Pan Am's repeated failure to find a

Six years ago, when British Gas was forced by the UK Gov-ernment to divest its oil interests

into a privatised company, now Enterprise Oil, there was some uncertainty over whether the pre-emption rights passed to the fledgling company.

Mr Justice Evans ruled yester-der that Faterprise did have no

day that Enterprise did have pre-emption rights. He said the rights

of all the parties could only be exercised fairly in proportion to their interests in the different assets of TENSI, weighted by

However, this complicated method of exercising the rights was not provided for in the origi-

nal agreement, which appeared to envisage a negotiated settle-ment between the parties. He

said that, in the absence of agreement, it would not be appro-

priate for the court to fix a method of apportioning the

pre-emption rights which British Gas and Amerada had sought to exercise were unenforceable, and

that the deal with Enterprise could go shead.

British Gas and Amerada must decide before Monday whether

The judgment was received with jubilation at Enterprise, for

which the purchase of Texas Eastern North Sea and other

assets was regarded as something

He therefore ruled that the

buyer or partner to help it out of its difficulties. a share, NWA estimated. Neither NWA or the Checchi

its difficulties.

NWA's board said the Checchi
offer had the highest value and least conditions of any. There was no immediate comment from other disappointed bidders such as Mr Marvin Davis, the Los Angeles investor, Northwest's machinists' union and Forst-mann Little, a New York lever-

mann Little, a New York leveraged buyout firm.

NWA said it would offer its own recapitalisation plan if the Checchi group failed to consummate its deal by September 18. The plan would consist of a \$70-a-share cash distribution to a possible thirdshareholders, a possible thirdparty equity investment in the company and adoption of antitakeover measures. The special dividend and the residual value of the common shares would be worth \$90 to \$100

Texas Eastern Murchison

Hutton

Beryl

Fulmar

Leman

London esta

The sale of \$439m worth of

Texas Eastern's non North Sea oil assets to Enterprise has

already been completed. Mr Graham Hearne, chief exec-

utive of Enterprise, said yester-day: "I am delighted that our

arguments have been upheld. We look forward to completing the

transaction as soon as possible.

British Gas said yesterday that was studying the judgment

Enterprise's share price closed

before deciding whether to

at 557p, up 11p.

Statiford

Beryl B

Major North Sea interests in production

Northwest Hutton

group would disclose the scale of the KLM and Elders stakes. However, combined, they were believed to be less than 20 per cent of the investing group's \$700m of equity. They would be barred by US airline laws from holding more than 25 per cent of

the voting shares or having a sig-nificant degree of control over NWA.

In addition to the foreign members, the wings group includes Mr Checchi and his associates, several of whom are former employees of the Marriott hotel group, Bankers Trust and Rich-ard C. Blum, a San Francisco merchant bank.

On top of the equity. Wings will also borrow \$3.35bn from banks. Bankers Trust will lend

Bid defence hints lift Sea **Containers**

By Andrew Hill in London

UK GROUP Sea Containers' stock rose in New York yesterday, after Mr James Sherwood, president of the ferry and container group, suggested that his defence plans could realise between \$70 and \$100 a share

The Bermuda-registered group is fighting an \$824m hostile bid from Stena, a private Swedish ferry operator, and Tiphook, the UK container rental company. The bid values each share at \$50,

rne old values each share at 500, compared with yesterday's price in New York of more than \$72, up about \$7.

Mr Sherwood added yesterday that Lazard Frères, the group's US merchant bank, had valued Sea Containers at about \$20n or more than \$120m a share two years ago. He also confirmed that he

He also confirmed that he would reveal plans to rescue the group from the bid within a month. At the moment, the strongest possibilities are a recapitalisation of the company – including sales of peripheral assets – or a leveraged buy-out. If the Stena/Tiphook bld is successful, the companies will successful, the companies will split Sea Containers down the middle. Tiphook would buy the

containers business for about \$426m; Stena would get the rest for some \$398m. According to Mr Sherwood Lazard Frères believed that the two halves of the business were worth \$1bn each, taking into account the value of land at Sealink British Ferries' seven ports. Shareholders in Tiphook yesterday approved the £235m (\$361m) rights issue to fund the company's share of the deal.

Sherwood's defence, Page 28

of Commerzbank

By Peter Bruce in Madrid

BANCO HISPANO Americano. Spain's fourth-largest commercial bank, announced yesterday that thad agreed to buy 5 per cent of Commerzbank, West Germany's third-biggest bank.

The deal, expected to cost some DM150m (\$74m), was finalised at the weekend in Monte Carlo, where Historical Philippens Markets about the property of the carbon of the carbon beautiful to the carbon of the carbon o

where Hispano's chairman, Mr Claudio Boada, and Mr Walter Siepp, chairman of Commerzbank, were holding scheduled talks with Banco di Credito di Roma and Credit Lyonnais. The four banks are members of Euro-partners, a loose banking consor-

Commerzbank already owns 10 per cent of Hispano and in a joint statement in Monte Carlo, the two banks said the "cross-participation constitutes the basis for a further extension of our existing co-operation. With the perspec-tive of a single European market, this intensified co-operation will focus on retail business, with medium-sized and small companies, as well as individuals."

Hispano has been anxious to come to an agreement with Com-merzbank that would head off any possibility of the West Ger-

largest made by a Spanish bank in Europe in the last year. Last autumn, Banco Santander and the Royal Bank of Scotland bought 5 per cent of each other, and Santander has since increased its holding to 10 per

mans entering the Spanish retail

market on their own. Under the Monte Carlo deal, the two banks

will represent each other in their respective home countries.

The purchase is the second

Both Santander and Royal Bank of Scotland have since agreed to support each other in a number of joint operations outside their respective countries, but it is not yet clear whether Hispano and Commerzbank will

do the same.

Commerzbank bought its stake in Hispano in 1983, just before the Spanish bank ran into serious financial difficulties related to its rescue and attempted restructuring of Banco Urquijo. Hispano failed to pay a 1984 dividend, but has since recovered strongly. Last year it sold off Banco Urquijo to the March group and also reported net profits of Pta27.9bn (\$19m).

Y.K. Pao sells 10% stake in Standard

By David Lascelles, Banking Editor in London

SIR Y.K. PAO, the Hong Kong shipping magnate and one of Standard Chartered's "white squires," sold his 10 per cent stake in the UK international

banking group yesterday.

The shares were widely placed among institutions in the market by Cazenove, the City of London stockbrokers, at a price believed to be 495p per share, which would imply a substantial loss for Sir Y.K.

The sale marks a further retreat by the three squires who rode to Standard's rescue in the summer of 1986 when it was under takeover siege by Lloyds Bank. Between them, the squires amassed nearly 40 per cent. But having thwarted Lloyds, their long-term interest in the bank was never clear.

First to go was Mr Robert Holmes a Court, the Australian entrepreneur, who had 14.9 per After his Bell Group ran into difficulty last year, his stake passed to Mr Alan Bond who sold

out last November. Sir Y.K. Pao reduced his stake from 14.9 per cent to just under 10 per cent last year by declining to participate in a rights issue. He subsequently divided the holding among two daughters.

LONDON'S

and stepped down as vice-chair-man of Standard Chartered. Tan Sri Khoo Teck Puat, the Malaysian businessman, still has

about 5 per cent.
Sir Y.K.'s original investment,
which was made when the price was at the peak of takeover speculation, is believed to have cost him £180m (\$270m). At yesternim 1180m (\$270m). At yester-day's price, he would have received about £113m for the stake, implying a loss of £67m. However, Standard's shares have performed quite strongly since last year's rights issue, and the view in the market yesterday was that Sir Y.K. decided to take

advantage of that.

The rights issue was done at 400p. Last night the shares closed at 508p, down 14p. Standard Chartered declined to comment on the sale. But the retreat of the white squires and the dispersal of their stakes among investment institutions will be a relief for the banking

group's new management under its chairman, Mr Rodney Galpin. This removes a large source of uncertainty for the group which is trying to recover from the upheavals and losses which followed the takeover attempt. Mr Galpin is currently prepar-

ing a new strategic plan

BET lifts profits 25% to £270m

By John Thombili in London

IMPROVED efficiencies, buoyant trading conditions and 85 acquisi-tions helped BET, the international services group, record a 25 per cent increase in pre-tax profits to £270.6m (\$419m) in the year

This result, which was at the top end of City expectations, was greeted by a 12p rise in BET's share price to 284p. BET which has diversified

interests, ranging from supplying hand towels and industrial cranes to managing hotel chains in Malawi, increased its revenues to £2.22bn (£2.13bn).

signation a change in its dividend policy. For the last six years, BET has increased its dividend by 1p a year. But this time, the final dividend of 8p will lift the total to 11.5p (10p).

Mr John Griffiths, finance director, said it was now the companying intention to mine the director.

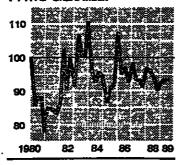
pany's intention to raise the dividend in line with earnings In 1988-89, earnings per share

worked out at 25.5p (22.1p), an increase of 15.4 per cent.

BET continued to realign its susinesses during the year and

Share price relative to the FT-A All-Share Index

of a coup.



About £380m was raised by the disposal of peripheral businesses, including Argus press for £206m. Disposals also accounted for an extraordinary credit of £51m

RET raised £95m in March through the issue of US preference shares and this helped to reduce net borrowings from £263m to £98m. At the year end gearing stood at 18 per cent.

UK operations contributed more than three-quarters of the trading profits. The 54 acquisitions made during the year helped to boost profits to £212.7m (£160.3m), a 33 per cent rise. Operating profits from conti-

nental European activities advanced to \$24.1m (£15.7m). A series of 13 acquisitions was made at a cost of about £50m to bolster BET's waste collection plant hire and distribution busi

North American operations strengthened by 16 purchases -more than doubled their contribution to £18m (£8.2m). Revenue from other geographi cal areas fell from £150.2 to £139.8m, although trading profits

advanced by 14 per cent to £20.2m (£17.7m). Discontinued operations con-tributed £16m to profits and BET's 28 per cent stake in Thames Television yielded £9m.

Lex, Page 20

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Housing slump checks Hambros

HAMBROS, the London-based financial services group, reported a small increase in earnings for its latest financial year yesterday as the slump in the housing mar-ket offset gains in other parts of

the group. Profits before tax, minorities and extraordinary items were 270.2m (\$108.8m), up from £69.4m, in the year to March 31. Earnings per share were up 11 per cent to 25.3p from 24.8p.

The problem area was estate agency, where Hambros owns 60 per cent of Hambro Countrywide, one of the UK's largest agency chains. Profits before tax were £22m, down from £24.9m.

Mr Christopher Sporborg, the chief executive of Hambros' nonbanking side, said the rise in UK interest rates had sharply reduced activity in what was a volume-driven business. Hambro Countrywide currently had 70,000

unsold houses on its books, compared with 22,000 at the end of the previous financial year. One encouraging sign was a growth in the number of estate agency customers who were

using other financial services offered by Hambros through these offices. The "conversion" rate of customers had risen from 30 per cent in 1986 to more than 50 per cent now. Half of Countrywide's income now stemmed

from financial services. Among other non-banking ser-vices, insurance broking earned £4.5m (up from £3.6m), loss adjusting £1m (down from £2.9m), property £2.6m)£1.7m), security consultancy £0.8m (£0.3m). Investment results were £15.7m,

up from £11.1m.

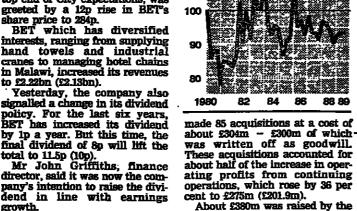
Hambros' traditional merchant banking activities showed results that were little changed. Pre-tax profits were £36.8m, up from £36.7m. Although the corporate finance side did well, there was a falling contribution from treasury and capital markets, partly because of costs associated with moving the dealing room to the group's new headquarters.

The group's European mergers and acquisitions network, in which Hambros has an alliance with six continental banks, earned Elm in fees last year according to Mr Chips Keswick the chief executive of banking and was now making a profit.

The final dividend is 6.7p, mak ing a total for the year of 10p, an

increase of 11 per cent. The group's reserves rose by one third to £279m. The acquisi-tion of the outstanding 73 per cent of Hambros Investment Trust has put at its disposal calm of new capital, which is being

invested in the banking side.



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INTERNATIONAL COMPANIES AND FINANCE

Time plans to avoid asset sales in Warner purchase

By James Buchan in New York

TIME, the US publishing and broadcasting group, says it will try to finance its friendly takeover of similar-sized broadcasting and entertainment group Warner Communications without selling any of its busi-

The announcement, which

was made in a statutory filing published yesterday in Wash-ington, comes as the two companies prepare to defend their proposed merger in the courts.

Paramount Communications, the former Gulf + Western entertainment group, is expec-ted to sue to block the merger and gain a hearing for its own \$10.7bn offer for Time.

\$7bn tender offer for half of Warner's shares and intends to buy the remainder with a mixture of cash and securities

In its filing with the Securi-ties and Exchange Commis-sion, which became public yesterday, Time said it wanted to structure the financing of its tender offer so that the indebt-einess may be repaid or refinemess may be repain to rearranced without caset sales. But the company cautioned that it could give no assurance that asset sales would not be neces-

wall Street received the Time announcement with some scapticism. If the merger suc-ceeds, Time-Warner will be

highly indebted and may need cash from asset sales to invest in its businesses, which range from feature films through magazines and records to pay-

But Time said that Warner had estimated its after-tax profits for 1989 at around \$475m, or \$2.68 a share, after merger expenses. They could be as high as \$580m or \$2.99 a share,

Time continued.
In addition, Time said in a filing that a "senior officer" of Warner had predicted operating income, which is reported before taxes and interest, of all in in 1990. This would be 37 year on 1990. This would be 37 year on 1990. per cent higher than the bud-get for 1989.

NatSemi \$23m in loss for year

By Louise Kehoe in San Francisco

NATIONAL Semiconductor, the Silicon Valley chip manufacturer, unveiled operating losses of \$98.3m yesterday for the fourth quarter ending May 28, after shedding most of its computer operations, compared with operating income of \$23.1m for the same period last

However, the group is fore-casting a marked improvement in the coming year. Indeed, it lifted net earnings for the quarter to \$77.1m, or 73 cents per share, compared with \$22.4m or 18 cents per share in the fourth quarter last year. Sales from continuing operations were down slightly to \$419.1m from \$421.7m in the

Same period a year ago.

During the quarter, National
Semi sold its mainframe computer subsidiary, National

Advanced Systems, to a joint venture formed by Hitachi of Japan and Electronic Data Systems, the US computer serices company. This brought the commany a post-tax gain of

It also took a one-time charge of \$45.1m against fourth quarter earnings, related to the consolidation of its businesses in the US and Asia. The company reported a net loss of \$23.2m, or 32 cents per

share, for the year, compared with net earnings of \$62.7m or 48 cents in fiscal 1988. Sales from continuing operations for fiscal 1989 were \$1.65bn, up from \$1.43bn in the previous

Results for both years were restated to reflect the fourth quarter sale of National Advanced Systems, and the

third quarter sale of Datachecker Systems, which manufactures retail point of sale computer systems, to ICL of

The fourth quarter showed marked improvement for National Semiconductor," said Mr Charles Sporck, National Semi's president and chief

"During the past quarter we have identified the final restructuring activity neces-sary to remedy the problems in our performance and to posi-tion the company for a return to sustained profitability," he

"We expect to see a marked improvement in performance in the first quarter, and a return to profitability in the second quarter of fiscal

Computer . **Associates** to acquire Cullinet

By Karen Zagor in New York

COMPUTER Associates, the world's higgest independent software company, said yesterday that it was to acquire Cullinet, a smaller mainframe computer program supplier, for \$333m in stock. Under the terms of the

friendly takeover, Cullinet shareholders will receive half a share in Computer Associa share in Computer Associates for each of the 33m Cullinet shares outstanding. This amounts to about \$10.10 per Cullinet share, based on Fricay's closing prices for Computer Associates stock on the New York Stock Exchange.

Computer Associates, based in Garden City, New York, sold that the transaction

said that the transaction would be accounted for as a pooling of interests and treated as a tax-free exchange to Cullinet shareholders.

Assuming that the agree-ment gets shareholder and regulatory approval, it is expec-ted to be consummated in August. Both companies' boards have approved the deal. Cultinet, which reported 10 consecutive quarterly losses before posting third quarter profits at the end of January, yesterday reported a further profit for the fourth quarter. Net income for the period

ended April 30 was \$2.2m or 7 cents a share, compared with a loss of \$20.5m or 63 cents the previous year on revenues which fell to \$59.3m from \$64.8m a year earlier.

Analysis attributed the com-pany's third and fourth quar-ter gains to a 10 per cent staff cut and other operating reduc-tions at the end of January.

Canadian deregulation takes shape

David Owen finds banks keen to see reforms planned for four years

he much-delayed final phase of Canada's reform package for federally regulated financial institutions is taking shape in the sober corridors of the Finance

Mr Gilles Loiselle, the junior minister charged with formulating and implementing the package, has promised draft legislation pertaining to banks and trust companies (nearand trust companies (near-banks based on home mortgage and fiduciary business) by the end of this month. Insurance industry legislation is planned

The laws will detail the extent to which these three hitherto distinct types of institution will be able to encroach upon each other's turf, and whether or not restrictions will be placed on the ownership of financial groups by commercial entities.

The reform aims to enable Canadian financial groups to restructure to remain competi-tive globally, and to provide consumers with one stop shop-ping for a broader range of ser-vices.

The legislation will complete the process started in June 1987, when the barriers pre-venting banks and others from entering the securities business were removed. However, it will do nothing to simplify Canada's chaotic and unwieldy jurisdictional morass.

Currently, banks are the only financial institutions to fall unequivocally under Ott-awa's control. Insurers and trust companies are covered by federal and provincial rules, while the securities industry is still an exclusively provincial

Regardless of where Mr Loiselle chooses to draw the lines, the draft legislation is sorely needed. While Ottawa has fiddled for four years, attempting to formulate laws to reflect "the reality of a rap-idly changing financial sector," cornorate strategists have corporate strategists have-burned, unable to plan ahead without knowing what the new laws would be.

of the faster pace of provincial deregulation, particularly in French-speaking Quebec, to try to force Ottawa's hand. Others have launched initiatives which appear to stretch the interpretation of existing laws to its limit and to blur further the distinctions between the three so-called "pillars" of the Canadian financial services

industry.

All are lobbying in a last-ditch effort to bend the Government's ear.

The most animated sector of debate is increased in which

debate is insurance, in which banks are desperate for permission to sell policies through their extensive branch networks, much to the chagrin of Canada's 19,000-strong community of insurance brokers.

Having marketed insurance in a limited way for some time, by selling creditor insurance to consumer borrowers, two Canadian banks - Toronto-Do-minion and Bank of Nova Scoinvolved by initiating market-ing ventures in property insurance with specific general insurance companies. A House of Commons finance committee is investigating the legality

of these arrangements.

The banks argue that their reduced administrative costs could save consumers up to 15 per cent on certain insurance policies. Such claims have been reinforced by a Public Interest Research Centre study, which estimated potential savings at between 9 and 23 per cent.

they need access to insurance to compensate for the inroads trust companies and credit unions have made into their traditional business, particularly consumer deposit-taking and lending.

hey tell brokers that their only interest is in selling simple insurance products, and cite Britain and Australia as places that show that the market is big enough to handle both marketing

"If you try to stand in front of the steamroller of change, you will certainly become part of the road," Mr Robert Kor-thals, Toronto-Dominion presi-dent, informed the insurance Brokers Association of British

The brokers argue that selling insurance through bank branches would be detrimental to consumer interests, since the customer would typically

only be offered the products of one company rether than the wide range carried by the average broker. They fear that bor-rowers may feel coerced into accepting the insurance offered by their bank. Finally, they doubt that banks will be able to sell insurance as cheaply as they say they can, and make a

"We don't see that the banks would be able to sell insurance any cheaper than brokers, although they could treat it as a loss leader for a time," says Mr Basil Steggles, general rance Bro kers Association of Canada.

The stakes are high Canadi. ans, a proverbially prudent lot, are said to be the most heavily insured people in the world. Brokers and agents last year generated C\$11.7bn (US\$9.75bn) in property and casualty insurance premiums alone.

The brokers are expected to emerge the happier when Mr Loiselle's draft legislation finally appears. The minister indicated last month that his new rules would "not allow the

banks to retail insurance. However, the banks are widely expected to get permis-sion to own insurance companies and to market policies to their credit card holders.

In a controversial move this year, the Government set a precedent by approving a for-eign bank licence for American Express while allowing the company to continue to operate its travel and insurance

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Ottawa considers third class of bank

CANADA'S Federal Government is considering creating a third class of banks which could be owned by commer-cial interests and non-bank institutions to resolve the problem of ownership, writes Pobert Cibbons in Montreal.

resolve the problem of ownership, writes
Robert Gibbens in Montreal.
At present, Schedule A banks - the six
large chartered banks - are subject to a 10
per cent ownership limit; Schedule B
banks - fareign-owned banks - have no
ownership limits.
Mr Gilles Loiselle, Minister of State for
Finance, maintains that creating a new

class, Schedule C banks, would help to keep the financial sector "vibrant and sound." It is thought that the Government

would allow any company from life insur-ers to the capitve car sales financing com-panies to own a Schedule C bank, pro-vided the capital and other federal

guidelines were met.

Trust companies could convert into Schedule C banks, and conglomerates such as Imasco and Power Corporation of Canada could own Schedule C banks.

The new class would enable the Government to leave the chartered banks undisturbed. These account for nearly 90 per cent of the industry, but trust companies (near-banks) and other institutions have been operating more like chartered banks but without the same ownership restrictions.

The chartered banks are suspicious of the C bank idea, saying that the Govern-ment would be serving the interests solely of commercial groups wanting to own

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INTERNATIONAL COMPANIES AND FINANCE

Europe, is among the conti-

nent's most grand and venera-

ble manufacturing enterprises.

ful chairman, thinks the image

is wholly unjustified and

grandson of kirnest Sulvay, the Belgian inventor who founded Solvay in 1868. With three aca-demic qualifications — degrees in nuclear physics and civil

engineering plus a Masters in Business Administration from

The 53-year-old baron, whose

image is reinforced by its board structure. Besides Baron

Janssen the directors include a

formed easily its most impor-

cals bosses.

St-Gobain 'ready for Europe bar the fine-tuning'

By Andrew Baxter

EUROPE and 1992 may be banned words in Downing Street this week after Mrs Thatcher's electoral drubbing, but not for Mr Jean-Louis Beffa and Saint-Gobain, the French glass, industrial ceramics and building materials group. Mr Beffa, chairman and chief

executive of the acquisitive group which was nationalised in 1982 and returned to the private sector four years later, was in confident mood in London yesterday as he talked about the group's prospects for 1969 and its positioning for the European Community's inter-nal market changes in 1992.

"As a group we are totally prepared for the Europe of 1993," he said. "Europe for us is already 'done.' We only have to fine-tune our installations

Mr Beffa said he did not subscribe to the commonly-held view that the main beneficiaries of the 1992 changes would be companies entering the European market from outside. St-Gobain's presence across Europe would enable it to decide which of its businesses would require a pan-European approach, and which should

better be handled on a national basis because of local differences in product ranges.

Mr Beffa cited the roof tile

business as one where national differences, and even differences within national markets, would continue, although some local variations would slowly

melt away.

The global approach to many other European product lines, for example, flat glass, St-Gobain's largest division, would require the company to move from a more federal approach towards continuing internationalisation of management tionalisation of management teams, and greater movement of senior personnel between divisions and head office. "The division managers are too French, and we must have more non-French going to France and taking responsibil-ity. It will take time to inte-

grate things."

Mr Beffa expressed confidence that transport costs
would fall after the 1992 changes, giving greater scope for shipping products across

Transport costs in Europe were on average double those of the US because of regula-



Jean-Louis Beffa: confident tion, leading to lost time at borders, for example.
In the case of the UK, the

In the case of the UK, the Channel Tunnel, or the increased competition arising from it, would also reduce transport costs. St Gobain is planning "significant new investments" in Stanton, its UK pipeline systems company, and sees considerable opportunities from the need for sever nities from the need for sewer replacement in the UK. Mr Beffa said St-Gobain looks on Europe as the basis for its international expansion

The company has already spent FFrebn (\$592m) on acqui-sitions this year, and has two major challenges, boosting its sales in the US from the current 14 per cent of the total (FFr58.9bn last year) to 20 per cent, and strengthening its

further baron, two viscounts, a count and a British peer, Lord Ezra, the former British Coal Board chief. The idea that Solvay is bor-ing is connected with its his-tory. It started life as a maker of alkali products, well-estab-lished materials which are based on inorganic salts. These substances have for almost all Solvay's existence

Solvay, Belgium's biggest tant business division. It is the chemicals company and the 12th largest in specific alkali chemical called soda-ash, which is widely used in glassmaking and deterg Alkali products are highly important in many areas of manufacturing but their growth is near static and the materials are thought to be it also has the reputation of being dowly and dull. Baron Daniel Janssen, Sol-vay's aimable yet highly forcehighly unexciting. More to the point, many onlookers take the points to a series of recent events to support his case. Baron Janssen is a great-grandson of Ernest Solvay, the

company's dependence on alkali products as an indica-tion of its exposure to the com-modity, cyclical end of the chemicals business which could well be hit if there were a downturn in the world economy over the next few years. Baron Janssen is keen, how-ever, to portray Solvay as being much more than a pro-ducer of old-fashioned materi-Harvard University - he is also among the most broadly educated of the world's chemi-

als run by a bunch of toffs.

The mellifluously spoken chairman insists that many observers have an outdated view of Solvay and that they simply do not know about the changes that have taken place

The 53-year-old baron, whose brother is head of Générale de Banque, Belgium's biggest bank, is a member of one of the country's most powerful families, which owns some 50 per cent of Solvay's stock.

The company's aristocratic case in point, he says, is that last year alkalis was for the first time displaced as Solvay's biggest commercial division. The materials accounted for 31 per cent of Solvay's BFr253bn (\$6.9bn) sales in 1988, 1 per cent behind

Solvay moved into plastics in the 1950s and is now among the world's top producers in two commodity plastics, polyvinyl chloride (PVC) and polyethylene, as well as being a significant producer of poly-propylene. In PVC, Baron Janssen says the company has als. The other partner is almed its marketing at higher-value areas of this business, in which Solvay has a 25 per production of specialist grades for window frames, for instance, and is poised for sig-

Solvay seeks to shed its boring image

nificant further growth. Even within the generally moribund alkalis sector, there

Baron Daniel Janssen; alming at higher value areas

are some highlights, as Baron Janssen stresses. The Belgian company is among the leaders in production of barium and strontium salts used in the manufacture of TV tubes, a relatively fast growing

area.
The Solvay head also is keen to highlight the strides made by the company in two other important areas, peroxygen chemicals and pharmaceuticals. In peroxygen products, which include hydrogen peroxide used in bleaching and perborates used in washing powder, Solvay is a 50 per cent owner of Interox, the world's higgest maker of these materi-

cent stake.

Sales of Interox have been growing comfortably, largely due to the good demand for hydrogen peroxide, which is environmentally less troublesome than many other bleaching agents based on

As for pharmaceuticals, Sol-As for pharmaceuticals, sorvay was a relatively latecomer, starting to build up in this field only in the 1970s. Ten years ago health care accounted for just 4 per cent of our sales. Now the figure is 12 our sales, two the igne is in per cent and we are growing in this field at 20 per cent a year. That's not bad by any stan-dards," says Baron Janssen. Solvay is unusual among many big plastics producers in not having its own supplies of

ethylene, an oil-derived gas which is a vital feedstock for polyethylene and many other similar materials. Instead, the company has to buy the feedstock from other chemicals In the past two years, in

which the price of ethylene has risen markedly in response to the generally high demand for industrial chemicals, Solvay has suffered by having to pay high prices for its ethylene – a factor which has undoubtedly had a negative effect on earnings. Even so, however, the company recently unveiled net income for 1988 of BFr15bn, a 24 per cent rise on the previous

The baron says, moreoever, he does not regret that Solvay sold off its last ethylene plant

Peter Marsh on a Belgian chemicals group's efforts to move into new products some years ago. Although eth-ylene production is now highly profitable, he says it may well slip into losses in a future downturn in the chemicals business. "I am delighted we got out of ethylene," says Baron Janssen. The Solvay head becomes aggrieved when the subject turns to the raids European Commission inspectors launched recently on Solvay offices as part of a pan-European investigation into possible market rigging in the soda-ash industry. We are still waiting for the inspectors to waiting for the inspectors to say what they think we have done," says Baron Janssen. He vehemently denies that Solvay has colluded with other sodaash suppliers to fix markets or prices in the industry.

> A s for Solvay's future, observers find it difficult to shake off their thoughts about the company's exposure to fluctuations in the world economy and its apparmaterials. These thoughts, more than anything else, explain why Solvay's share price has underperformed many other industry stocks over the past few years, despite the company's quite reason-

able earnings growth.
When faced with this point of view, the Solvay head says - extremely politely and almost with a sense of disbelief - that the company is in a much better position than peo-ple think to weather any bad conditions in the industry. are making a serious effort to will have to do more.

Rauma-Repola reports good start to year

RAUMA-REPOLA, the Finnish engineering, paper and ship-building concern, has reported a 47 per cent rise in pre-tax profit to FM282m (\$68.5m) for the first four months of this year from FM192m for the same period in 1988. Consolidated net sales

increased 45 per cent to FM3.81bn from FM2.62bn . Rauma-Repola expected the favourable trend to continue this year, bettering last year's results. The company predicted sales would increase 24 per cent to about FM12bn, compared with FM9.72bn in 1988. Under international accounting standards, Rauma-Repola said profit rose 21 per cent in the latest four-month period to

In the engineering division,

sales increased 38 per cent to FM1.12bn during the four-month period from FM811m in the same time last year. The company called prospects for the division encouraging and

said it expects increased profit-ability for the full year after a recent reorganisation.

However, the pulp and paper division-s profitability might be aversely affected by sharp increase in timber prices increases in timber prices, Rauma-Repola said. The fourmonth sales alipped 15 per cent to FM732m from FM857m. Sales in the packaging divi-sion jumped 69 per cent to FM663m from FM610m.

The shipbuilding and marine technology side made a strong comeback after a recession; pushing net sales up 414 per cent to FM545m from FM108m.

Henninger in talks to sell **Greek holding**

HENNINGER-BRAU, a West German brewer, said its 25.9 per cent stake in the Greek brewer, Henninger Hellas, is up for sale in negotiations with BSN, the acquisitive French food and brewing group, AP-DJ

reports.
The Frankfurt-based brewery said negotiations with BSN were taking place and that it expects a deal to be completed by mid-July. BSN said last week it had agreed to acquire a controlling interest in the Greek brewer for an undis-closed amount.

Henninger-Bräu said most of the remaining three-quarters of Henninger Hellas was currently held by a group of Greek banks. It said it was "possible" that Henniger-Brau would sell its entire stake in the current

Pan-European airline takes off

By Lynton McLain

MR HARRY GOODMAN, chair cent by ILG, which also owns man of International Leisure Group (ILG), has formally launched Airlines of Europe, a federation of five European air-lines, with a forecast that its fares will be 30 to 40 per cent

lower than those of larger competing airlines by 1932.

Airlines of Europe is the first pan-European airline and has been formed in readiness for the liberalisation of European civil aviation with the formation of the single Europeran market in 1992. It is currently owned 100 per

Air Europe, a UK holiday char-ter and scheduled airline with more than 50 aircraft which

more than 30 antrant which carries 6.5m passengers a year.
The ILG holding is to be progessively diluted and acquired by the other member airlines which will make up Airlines of Europe, leaving ILG with 51 per cent of the equity in the new siriline.

ILG has taken stakes in four other European airlines, the latest being Italian Air Europe SpA, in which it has a third of the shares. The other airlines

are Air Europa of Spain; Norway Airlines of Scandinavia and Numberger Flugdienst, of

West Germany.

The airlines will operate to common standards laid down by Airlines of Europe and based on ILG's own airline standards in Air Europe, but they will have autonomy under the Airlines of Europe board of

Mr Goodman said Air Europe had 73 more aircraft on order. He forecast that Airlines of Europe would carry about 20m passengers by 1993.

CMI sees tripled profits

By Jim Jones in Johannesburg

CONSOLIDATED Metallurgical Industries (CMI), the South African ferrochrome manufac-turer, expects that it will more than treble its pre-tax profit in the year to June 30, as export prices have risen strongly. In a preliminary statement, the company estimates the

year's pre-tax profit at R178.3m (\$63.7m), against the previous year's R56.3m. Earnings are forecast to rise to 236.2 cents a share, from 89.2 cents, and the year's dividend is to be raised to 115 cents, from 65 cents. Mr Michael Hawarden, man-

aging director, says record world stainless steel production increased demand for fer-rochrome sharply, allowing CMI to raise its dollar export prices by 38.5 per cent. He expects demand to remain strong during the coming year, but cautions that increased availability could affect ferro chrome prices.

Most South African ferrochrome manufacturers are increasing their capacity. CMI is itself raising annual capacity to 200,000 tonnes, from 150,000

15th June, 1989

FM298m from FM246n

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INTERNATIONAL COMPANIES AND FINANCE

Sleek powerlords of the autobahn

Andrew Hill surveys the seductive power of West German sports cars

ucked in behind the wheel of a low-alung Prosche 911 Carrera 4—totally revamped under the hood but preserving the classic shape that has kept its allure over 25 years—you become a changed person, enjoying the smoothly authoritative surge of power that enables you to leave most other cars standing without the fear of losing con-

trol.

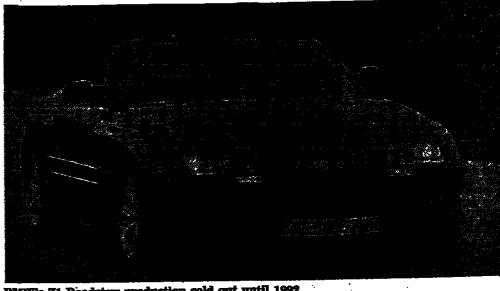
Even driving cautiously around the block in BMW's snazzy, and extremely pricey, Z-1 Roadster, you gain some idea of what makes these sleek aristocrats of the road so seductive for the driver with a yen for speed and glamour and a bank account to match. The Porsche model, easier to handle them earlier 911s, costs. dle than earlier 911s, costs DM114.500 (969.500 in the US), while the Z-1 will set you back DMS5,000.

Compared with the overall narket, sales of sports cars are tiny in Germany - around 25,000 last year out of total new 25,000 last year out of total new registrations of 2.8m. Clearly, for most people, such an automobile is no more than a dream, although Volkswagen with its new Corrado (DM42,500) and Japanese makers like Toyota and Mazda cater increasingly for the less rarefied end of this market. Honda, on the other hand, plans to invade the higher-priced sector with its forthcoming NS-X.

ing NS-X.

A successful sports model can have a powerful image-enhancing effect. For BMW, however, with its highly successful 7- and 5-series limousines and its sportier 3-series, the impact of the Z-1 is hardly a matter of commercial life and death. Only six are made each day, though production is sold out mtil 1992.

Yet for companies like Por-sche or Daimler-Benz, the suc-cess of their new care is vital. Porsche, for many aficionados the sports car company par excellence, is still independent unlike such marques as Lamborghini, Ferrari, or Lotus. But its troubles in the US after the dollar's slide and the 1987 stock market crash mean it is depen-dent on its new models gaining



BMW's Z1 Roadster: production sold out until 1992

a strong hold on customers.

Daimler, with a much broader model range, is clearly less bound to the success of its latest SL Roadster. It is going on sale in Germany later this summer (from DMS9,500) and in the US, is expected to take over half of the annual 20,000 production, at the end of

e year. Based like Porsche in Stuttgart, Daimler's problem is that it has been left behind to some extent in the quality car mar-ket by BMW, further south in Munich. Its Sclass models at the top of the range have a somewhat tired look. Hence the significance of the elegant new two-seat Roadster, the first in the group's new up-market range; it will be fol-lowed by the S-class limousines next year. Like the latest Por-sche and BMW sports models, the SL Roadster serves as a technology showcase for Daim-

ler's carmaking expertise. Who, apart from wealthy car freaks, drives these sorts of cars? Plenty of prosperous drivers, young or old, would not think of buying a high-powered sports car, for fear of inciting envy, or appearing too showy.

Daimler's own literature gives a cine. The new Mercel-

es-Benz SL offers fascinating motoring in the pure form only possible with a sports car," it coos. In other words, a luxury sports car offers something extra, with the functional busi-ness of getting from A to B in ness or getting from A to b an comfort as important as, or subordinated to, the feeling of pride and excitement that comes from owning a car that looks, feels, and drives differ-

Thus it is not only performance that counts. "For many people, the aspects of sport and luxury are a dichotomy," says Mr Hans Halbach, Porsche's marketing director. "They tend to think sports cars have got to be like those of 20 years ago."
But times have changed. "Today, sports car drivers want a car which also includes functional luxury." Thus the latest Porsches have air-condi-tioning, and not just for the US. Because of population trends, Mr Halbach adds, the average age of a Porsche cus-tomer is now 44 compared with 88 in the early 1980s. This, combined with overall advances in car design, means they expect to be able to drive more quietly and smoothly and are less eager, he insists, to drive at dare-devil speeds. After its US debacle, Porsche

invested heavily in upgrading its cars. It dropped the cheaper 924 model to regain its image of exclusivity. In Germany, the cheapest Porache is now the cheapest Porsche is now the hasic 944 at DM63,000. It has reined back total output and is raising supply of the new mod-els gradually to ensure top "We want to produce fewer cars than we can sell," remarks Mr Halbach. It is also reducing its dependence on the vital US market from over 60

per cent when its sales slumped to less than 50 per cent. In Germany, it aims to sell around 8,000 cars (a quar-ter of production) this year against 7,000 or so in 1988, seeing a potential level of 10,000. People in Germany are more willing to spend money on such indulgences as a luxury sports car, reckons the Porsche director. Many Ferraris are not

even driven in the winter, but kept in the garage like a dia-mond in the vault. To the average driver, all this is remote from reality. Even so, in one of the world's most car-minded countries. people are more willing to let cars show their status and wealth. It helps, of course, to have long stretches of auto-bahn without speed limits.

Ascoli steps nearer to Repubblica acquisition

CARTIERA DI Ascoli, the publicly quoted paper manufacturing subsidiary of Italy's Mondadori publishing group, yesterday approved a chang in its corporate statute. This could pave the way for the acquisition and eventual stockmarket quotation of it Republica, the popular Rome daily newspaper that is controlled by Mondadori.

Mondadori, which owns so

Mondadori, which owns 90 er cent of Ascoli, is to pay a per cent of Ascoli, is to pay a total sum of more than \$500m to acquire 100 per cent control of L'Espresso, the publisher that owns part of la Repubblica. The payment will be made later this year in both cash and Ascoli shares. Ascoli had 1988 turnover of around L200bn (\$139m).

The quotation of la Repubblica, which Mondadori executives predict will take place

bilea, which Mondadori executives predict will take place sometime next year, could come about by transferring ownership of the paper from Mondadori-Espresso into Ascoli, changing Ascoli's mane and using the existing listing on the Milan bourse. Alternatively the Rome-based newspaper could be

based newspaper could be quoted on its own or by using a L200bn bond issue for la Repubblica that is being issued next month and which carries warrants enabling the sale of 20 per cent of the news

e Gent

paper's equity. On a separate issue, Mr Eml-lio Fossati, managing director of Mondadori, noted yesterday that the Milan-based publisher could be interested in eventaally acquiring the European book club assets of Time, the US publishing group that is carrently involved in a com-plex corporate hattle in the

joint holding company with Italy's Piaggio Pro Ind to make water and oil pumps and

other car parts. The West German car-parts maker will own 50 per cent of

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necessary to revise the interest rate charged to account customers. The new rate charges on the outstanding balances on C&A Budget Accounts, where payment is made automatically by a bank will be 2.4% (equivalent to 32.9% APR). For accounts where payment is by other methods the interest rate will be 2.5% per month (equivalent to 34.4% APR). The variation will be reflected in statements produced on or after 3rd July 1989.

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INTERNATIONAL COMPANIES AND FINANCE

Premier to sell SAB | Dainippon holding and raise R280m in rights

By Jim Jones in Johannesburg

PREMIER GROUP, one of South Africa's largest diversified food groups, is to restructure itself by hiving off its 33.8 attributable earnings. per cent interest in South African Breweries (SAB) and by raising about R230m (399.8m) through a rights issue of ordi-

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ion

nary shares.

Premier acquired the SAB interest in 1984, as part of the transaction in which Associated British Foods divested. and sold control of Premier to the Anglo American group. In Johannesburg yesterday, Mr Peter Wrighton, Premier's chairman, said the restructuring would allow investors to assess properly the worth of

assess properly the worth of the group's so-called "core" interests – food, pharmaceuti-cals, entartainment and con-sumer wholesale/retail. In the last financial year, they alone generated a turn-over of R4.15 bn, a pre-tax profit of R218.7m and attribut-able, taxed earnings of R92.3m. able, taxed earnings of R92.3m. halding company in proportion SAB contributed an additional to the rights they take up.

attributable earnings.

Mr Wrighton says the rights issue will allow Premier to reduce its borrowings and give it the borrowing capacity needed for further business

Industry analysts believe Premier is positioning itself to make new acquisitions as for-

The SAB interest will be transfered to a new holding company, which has still to be named and which will be listed on the Johannesburg Stock Exchange. Premier's present shareholders will be given one share in the new SAB holding company for each Premier share they own sbare they own.
Terms of the rights issue are

to be disclosed on July 24, but shareholders will be offered additional shares in the SAB

owned subsidiary, will under-write the issue.

Following the rights issue, Gencor and Fedmyn will split their shares and debentures on

The Gencor group is engaged in several large mining, energy

western Transvaal, Impala Platinum is developing its new

Gencor's R1.47bn issue terms unveiled

7.7

N

GENCOR, South Africa's and that Sankorp, its whollysecond-largest mining house, has disclosed the terms of its planned R1.47bn (\$524m) rights

Holders of the group's ordinary and convertible preference shares and the group's convertible debentures are being offered 20 new ordinary shares at a price of R75 each for every 100 capital units (shares or debentures) they

Federale Mynbou (Fedmyn), Gencor's controlling share-holder, is to follow its rights offer and plans to do so by raising R828m with a 22-for-100 rights issue of ordinary shares to share and debenture holders

at a price of R65 each. Sanlam, the insurance company which controls Fedmyn, says it will follow its rights offer at a cost of about R426m. Ink pays Pta2.7bn for Prisma

By Our Financial Staff DAINIPPON INK and Chemicals has acquired 100 per cent of Prisma, Spain's sec-ond-largest ink-maker, for Pta2.7bm (\$21m), through its wholly-coving New Jersey with

wholly-owned New Jersey sub-sidiary Sun Chemical. Prisma, which is based in Prisma, which is based in Bilbao, has plants in Madrid, Barcelona and Bilbao, as well as a Portuguese plant in Porto.

Dainippon Ink has made several acquisitions in the US and West Germany over the past three years, taking control of plants in the US, Britain, West Germany, France, Switzerland, Italy, Sweden and other European

Sweden and other European countries. :Dainippon Ink, which ear-Dainippon Ink, which earlier this year reported a 26.5 per cent increase in pre-tax profits to the end of March, to Y18.3bn (\$128m), from Y14.5bn in the year ending in March 1988, on sales of Y440.7bn, up from Y417.7bn, will now have production units all over Western Europe, a company spokesman said. Its share of the European ink market is expec-European ink market is expec-ted to rise by one percentage point to 16 per cent, compared with the 12.6 per cent held by BASF of West Germany.

Hooker credit line request

By Our Financial Staff

HOOKER CORPORATION, the Australian property and retail company with US interests, yesterday asked its bankers to keep credit lines open to help it overcome a "short-term liquidity problem."

The company has colled to

and metals developments.
Samancor, its ferro-alloys subsidiary, is planning to establish
a stainless steel plant as a joint
venture with Highveld Steel &
Venedium Inquidity problem."
The company has called in the Peat Marwick Hungerfords
and management accounting and management-consulting concern, and says it is seeking a joint-venture part-ner for its US department stores. On May 29 the com-pany announced a plan to sell A\$1bm (US\$752m) of assets in The group will need to finance an oil-from-shale ven-ture and participation in off-shore gas developments within the next two or three years. In the US and Australia over 12 months to reduce debt.
Directors will ask bankers the Orange Free State, the group is developing the new Oryx gold mine, and in the

tomorrow to provide further funding "to restore satisfac-tory liquidity for the immediate future."

Enso hopes London listing will draw foreign investors SHARES in Enso-Guizeit began London, A shares with one vote each and R shares with one-tenth of a vote. The free

shares represent just under 20 per cent of total shares out-

standing, in line with the maxi-

mum total shareholding nor-

mally allowed for foreign investors in a Finnish com-

pany.
The possibility of using the

issue of free R shares, and in

issue of free R shares, and in May completed an FM400m domestic equity issue.

Enso is keen to raise new equity to improve its gearing

Mr Härmälä said Enso's equity represented 32 per cent of the total balance sheet,

against 40 to 50 per cent at its biggest competitors. This dis-

crepancy is reflected in the slightly lower price/earnings

proposal, however, will leave a number of other independent retailers, including the Licencing Trust Movement.

The sale is expected to be approved by the Commerce Commission, as it will make Magnum roughly the same size as Lion Nathan, and in its view will not limit competition.

Wilson Neill vesterday

Wilson Neill yesterday announced a total profit of NZ\$30.2m for the year to March

31, down 16.5 per cent on last year. The slip came in spite of

year. The sup came in spine of a 56.6 per cent rise in turnover to NZ\$413m, as a result of the purchase of the Tasmanian brewer Cascades in July last

• Magnum also announced

yesterday that it had sold the Wellington Parkroyal hotel to

a foreign buyer for an undis-

Magnum buys liquor chain

By Andrew Baxter

trading on the London Stock trading on the London Stock Exchange yesterday, as part of moves by the Finnish state-controlled forest products group to put its sources of imance on a par with those of its privately-held rivals.

The listing is the first outside Finland for Enso, in which the Finnish state has 50.3 per cent of the shares and 66.1 per cent of the votes. London was

cent of the votes. London was chosen, said Mr Jukka Här-mälä, president and chief oper-ating officer, because it was the most international stock exchange and because of the exchange and declared of the European market for Knso's products.

The UK is Enso's biggest export market – the Financial Times is one of Enso's biggest.

newsprint customers – and is followed by West Germany. Apart from wanting to make its name better known on international capital markets as its sales become increas-ingly global, the immediate aim of the listing is to make ann of the listing is to heater trading in Enso's shares easier for existing or potential foreign investors. At the end of 1968, non-Finnish citizens had 7 per cent of Enso's shares and 3.1 per cent of the votes.

By Terry Hall in Wellington

MAGNUM CORPORATION,

the brewery and wine business with retail liquor outlets which is 75 per cent controlled by Brierley Investments, the New

Zealand investment and

finance company, announced

yesterday it was taking over Wilson Neill's national chain of 32 liquor stores for around

32 Inquor stores for around NZ\$40m (U\$\$22.8m).

The move, if approved by the Commerce Commission, New Zealand's antitrust regulatory body, and Wilson Neill shareholders, will see two leading companies, Lion Nathan and Magnum, dominating the liquor industry. Magnum continuous industry.

liquor industry. Magnum con-trols Dominion Breweries and

land and Robbie Burns, as well as wine companies Corbans and Cooks McWilliams. The

ratios for the company's shares in comparison with private-secin comparison with private-sector rivals.

Mr Härmälä acknowledged that, in many respects, the presence of the state had proved a restriction to its capital-raising objectives. So long as the state wished to keep its share in the company constant, budgetary constraints on the

Foreigners are able to buy only Enso's free shares, two series of which will be listed in budgetary constraints on the amount it subscribed to Enso's

new issues could put a ceiling on the total amount of new capital raised. In fact, the state has let its

stake in the company slip from 55 per cent of the shares and 69.2 per cent of the votes at the end of 1987, but privatisation is more a talking point than part of Finland's political agenda.

Over the past 15 years the state's investment in Enso has been exceeded by the dividends it has received. London listing to raise money would be considered later, Mr Harmala said last week. Last year Enso raised FM224m (\$50.4m) from an international

Finland's FM120m investment in Enso this year is dwarfed by the company's planned capital spending of FM1.5bn to FM2bn. A number of big spending projects are currently underway or planned, including a FM2.4bn joint venture with the Soviet Union in which birch from Soviet Karelia will be used to produce, by 1992, 485,000 tonnes a year of short-fibre pulp. This is used in Roso's liquid-packaging products, its biggest single product line.

Enso last year reported record profits after financial items of FM819m on sales of FM9.8bn. Over the past two decades the company has moved out of commodity-type products such as kraftliner to focus on more specialised val-ue-added lines like fine papers.

closed amount our Financial

Staff adds.
The Wellington Parkroyal

currently operates under con-tract management by Southern

Brierley Investments has

bought a further 5.1 per cent of the issued capital of Luxem-bourg-based banking and

finance company European Pacific Investments, giving it 33.1 per cent of the company. Brierley said it had bought 1.27m shares by both private treaty and on the market for a total of NZ\$4.88m. Prices

ranged between NZ\$3.50 and NZ\$4.00 per share. EPI shares last traded on the New Zealand

Stock Exchange at NZ\$3.50. EPI was formed jointly by Bank of New Zealand, Capital Markets and Brierley in 1986.

Pacific Hotel Corporation.

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1988 DIVIDEND UP 37.5%

The Annual Meeting of Shareholders held in Paris on June 9, 1989, under the Chairmanship of Mr. Frédéric Chandon de Briailles approved the financial statements for the year ended December 31, 1988. Consolidated net income for the year amounted to FF 2,003 million, an increase of 49% over

The shareholders approved a 1988 dividend of FF 44.00 per share, before "Avoir Fiscal" tax credit of FF 22.00 per share. The total 1988 dividend thus amounts to FF 66.00 representing a 37.5% increase over the 1987 level...

Taking into account the FF 12.00 interim dividend paid out on February 1, 1989, the balance of FF 32.00 will become payable on June 19, 1989.

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INTERNATIONAL CAPITAL MARKETS

EC agrees Ecu weightings for peseta and escudo

By William Dawkins in Luxembourg

THE TERMS under which the Spanish peseta and Portuguese escudo will become part of the Ecu basket of European currencies were yesterday agreed by EC Finance Ministers.

The move follows Spain's decision to put the peseta into the exchange rate mechanism of the EMS. It is the third revision of the Ecu's weightings since the European currency was introduced 10 years ago and completes Spain and Portugal's assimilation into the European Community.

It gives the peseta a 5.3 per cent weighting in the Ecu and the escude 0.8 per cent, a combined 6.1 per cent. This will cause an initial shift in the relative weighting of most of the other currencies in the basket when the currency values for the new weightings are fixed in September.

"The Commission welcomes

The Commission welcomes this decision and congratulates the Spanish Government on a move that is both wise and daring," said Mr Jacques Delors, Commission President. It would strengthen the EMS and was "important under the present political circumstances," he said, taking an oblique side-

THE NEW WEIGHTI		
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swipe at the UK Government's opposition to European monetary union, likely to be the focus of fierce debate at next week's EC summit.

week's EC summit.

The actual amounts represented by the percentages will be fixed according to the 12 currencies' individual rates against the Ecu at 14.15 Continental Europe time on September 20. On previous occasions the percentage re-weightings and actual amounts — which then fluctuate within their agreed EMS ranges — were fixed at the same time.

The new two-step approach

was to allow currency holders to cover their positions ahead so as "not to create confusion or disruption on the financial markets," said Mr Henning Christophersen, European Commissioner for economic and monetary affairs. He predicted that the new weightings would raise Ecu loan rates by 0.8 percentage points.

The Ecu percentages had been fixed to "preserve its strong currency profile," while reflecting the relative strengths of the economies of its constituent currencies, said Mr Christophersen. Ecu bond issues increased more than threefold from Ecu2.5bn in 1983 to Ecu3.2bn last year, reaching Ecu5.1bn in the first half of '89. Mr Carlos Solchaga, the Spanish Finance Minister, yesterday confirmed that the 6 percent band within which the peseta can fluctuate against other EMS currencies would be

temporary.

Italy is the only other RMS member with such a wide fluctuation margin. The rest have to steer their currencies within a 2.25 per cent band, which Spain was under pressure to follow:

Selling bout follows revision

By Norma Cohen and Andrew Freeman

ECU BOND prices dipped on the long-awaited announcement of the recomposition of the Ecu, although they recovered later in the day to close unchanged to slightly higher.

Traders of Ecu Eurobonds described the initial selling as profit-taking by speculative accounts which had taken positions last week hoping to profit if revisions to certain currencies' weightings turned out to be greater than expected. Many

speculators sold positions yesterday, sending prices down by around % point, with longdated bonds marked down by around % point.

The new theoretical yield on a 10-year Ecu bond is now at about 8.80 per cent against last Friday's theoretical yield of 8.41 per cent. Actual yields are at about 8.61 per cent — narrow by historical standards, so could eventually widen out.

As a result the best values

for Ecu bond investors are likely to be in the 10-year area where recent bond pricings have tended to overcompensate for the effects of the recomposi-

In contrast, five-year and seven-year Ecu bonds appear appropriately priced. Five-year and seven-year issues are now offering yields about 44 basis points and 38 basis points respectively below those on a theoretical Ecu bond.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary marke

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Convertible Bonds: Denominated in dollars unless otherwise indicates the delivery of the coupon.

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The prices over the past week were supplied by: Bankers Trust International; Kredicthauk N.V.; Commerchank AG; Dentsche Bank AG; Westdoatst Landesbank Girauschtrale; Bank Generale du Luxersbourg; Algemeng Bank AG; Westdoatst NV; Pierson, Heldring & Pierson; Credit Sutsse; Bank of Tolyo International; Chemical Bank International; Cittorn International; Gittorn International; Gankers Gank; Dal Lynct; Morgan Stanky International; Flamming & Co; Goldman Sachs International; Chemical Bank; 18U International; Allow Company (Enopper, Neutral International; Samuel Morgan Stanky International; Samuel Morgan Sanky Company (Enopper, Neutral International; Samuel Morgan Stanky Inte

INTERNATIONAL CAPITAL MARKETS

moves a warm reception

By Norma Cohen and Katharine Campbell in London and Janet Bush in New York

THE SPANISH bond market lian balance of payments diffireacted warmly to news of the peseta's inclusion within the EMS and within the reconstituted Ecu, despite the implicit requirement that the new status will require a weaker cur-

TS

pealers reported the initial market reaction to be one of extreme nervousness, with a single government band — the benchmark 12 per cent bands due 1992 — seen quoted on bro-

kers' screens. However, enthusiasm picked up as the day wore on, so that

GOVERNMENT BONDS-

the 12 per cent bonds closed with a yield of about 13.80 per cent, down 10 basis points from Friday's close. Dealers reported strong buying from non-Spanish accounts, particularly banks in Italy and in Scandina-

Dealers noted that the Bank of Spain kicked off its new staor span sicked of its new sta-tus by selling unusually large amounts of pesetas for dollars and D-Marks in the open mar-ket, indicating that it firmly intends to keep its currency in line through intervention. However, the effects of cur-rency depreciation are offset by expectations that lower

by expectations that lower interest rates – needed to keep the currency within its new target bands - will offer inves-tors capital gains on their bonds. Money market rates, which had been trading at 14 to 14% per cent last week, fell to 18.70 per cent yesterday.

A RECORD monthly current account deficit in Australia last month left the domestic bond market relatively unruffled because it had been antici-

With the May shortfall at A\$1.83bn - almost entirely due to a 17 per cent month-onmonth increase in imports — the bond market dipped briefly, but recovered later in a stay of only sparse trading

activity.
The September 10-year future dropped briefly to 86.20, closing at 86.27, 5 basis points weaker than Friday.

While a national election in nine months' time means that further tightening is an unpalstable solution to the Austraculty, treasurer Mr Paul Keating also made it clear that rates had to be held at current levels for the time being, ...

Thus the steeply inverted yield curve — with 90-day paper around 18.25 per cent and the 10-year benchmark yielding just 13.80 per cent - looks set to remain in that shape for some time.

■UK GOVERNMENT bond prices rallied after opening weaker on a dismal showing for the ruling Tory party in European elections last week-

After opening as much as % point lower among longer issues, bond prices closed nearly % point higher, albeit in very thin trade. Dealers cited the persis stock as a factor supporting gilts prices, although a rally in sterling during the day also underpinned the markets.

With very little retail activity of any sort, a handful of trades were able to have a dis-

proportionate effect on prices

■ WEST GERMAN government bond prices closed about 15 pfennigs lower after a day of dull trading saved only by short-covering on the back of a rise in bund futures prices in London. Dealers said the longawaited recomposition of the Ecu had no discernable effect on prices, with the new weightings largely in line with what analysts had anticipated.

There was also little reaction

to Bundesbank president Mr Karl Otto Pohl's decision yesterday to end the present queueing system for D-Mark denominated bonds and to shorten the minimum maturity for government bonds to two years from five years.

■US TREASURY bonds continned to track movements in the dollar yesterday morning and registered modest losses at midsession as the US currency slipped on fears of more central bank intervention.
At midsession, the Trea-

sury's benchmark long bond was quoted if point lower for a yield of 8.33 per cent. The dol-lar was quoted at the New York midsession at Y144.50, about the middle of the ses sion's range, and at DM1.9750, towards the lower end of the day's trading range.
Trading started the week on

a cautious note. After the dol-lar's plunge last Thursday on a mixture of profit-taking and heavy central bank intervention, the US currency is no longer an unequivocally positive influence on the bond market. Other factors are now likely to come into play. First, there is the prospect of new supply, with Treasury auctions of two-year and four-year notes sched-

uled next week.
Second, there are some important statistics this week.

with the final first-quarter GNP revisions on Thursday and durable goods orders and personal income and consump-tion for May due for release on

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	Соцроя	Red . Date	Price	Change	Yield	Week age	Month ago
UK GILTS	13.500 9.750 9.000	9/92 1/98 10/08	105-08 94-28 94-10	+0/32 +5/32 +13/32	11.53 10.69 9.65	11.54 10.79 9.80	11.00 10.27 9.28
US TREASURY .	9.125 8.875	5/99 2/19	105-06 - 106-03	-1/32 -5/32	8.34 8.32	8.15 8.13	8.79 8.71
APAN No 111 No 2	4.600 5.700	6/98 3/07	94.4659 104.6164	-0.198 -0.291	5.52 5.20	5.45 5.06	5.36 5.08
BÉTUMANY	6.375	11/98	101.9000	+0.150	6.72	6.77	7.01
TRANCE BYAN OAT	8.000 8.125	1/94 5/99 _	96.5989 96.5800	-0.176 +0.020	8.91 8.65	8.86 8.60	8.92 8.80
CANADA *	10.250	12/98	104.7500	-0.250	9.40	9.32	9.76
WETHERLANDS	6.7600	10/98	99.0750	-0.200	7.13	7.17	7.42
LISTRALIA	12 000	7/99	90.1305	-0.024	13.RS	13.60	13.60

BENCHMARK GOVERNMENT BONDS

Technical Date/ATLAS Price Sources

maker for **FTSE 100** index option

By Katharine Campbell

THE LONDON Traded Options Market this week gains another market-maker with ambitions to inject a new spirit of professionalism and competition into the cosy but under-utilised market. BT Traded Options, a newly

created offshoot of Bankers Trust International, shortly takes to the floor of LTOM as a market-maker in the FTSE 100 market-maker in the FTSE 100 index option as well as in stock options within the modish UK electrical sector.

The team is headed by Mr Alasdair Haynes and will initially consist of two market-makers on the floor as well as two "upstairs" traders. It will trade only for the Rankers' trade only for the Bankers'

As the first US bank to set up its own floor operation, BT hopes to wake up the market with its US-style options trading techniques. Openly critical both of how the exchange has been run and of the standards of brokerage and market-making on the floor, Mr Haynes believes the presence of firms such as his can help enliven

the trading environment.
LTOM is "grossly under-utilised," he says, because high brokerage fees and wide trad-ing spreads make the market prohibitively expensive for institutional clients.

Until now the American Until now the American firm O'Comor has been one of the few independent options market-makers among a close-knit "cosy cartel of old-style jobbers.

BT chooses not to participate in the costly exercise of making markets in underlying equities, something that will add to rather than detract from the outlone subsidiary's

from the options subsidiary's force, he adds. Specialising in derivatives rather than cash stocks has served Bankers Trust Interna-tional well up to now. Their 18-month old Public Equity Group runs one of the more advanced - and profitable -

warrants and customised options operations in Lon-Another difference in the BT technique is that the new firm intends to concentrate its energies on a relatively narrow selection of options.

Spanish bonds give peseta New market Germany relaxes Eurobond rules

By Haig Simonian in Frankfurt

THE WEST German Bundesbank is to further liberalise the D-Mark Eurobond market. From July 1, the minimum notification period for DM issues is to be abolished, while the minimum maturity for public issues is to come down to two years from five.

Together, the two moves should appreciably enliven the DM Eurobond market and stimulate interest in DM fixedincome securities at a time when foreign demand for some fixed-income DM paper has fallen sharply from earlier

peaks.
The Bundesbank's decision may thus partly reflect recent concern that indecisiveness in German fiscal policy has damaged the appeal of the D-Mark to international investors, con-tributing to its loss of value

sesinst the dollar and exposing the economy to the risk of imported inflation.

in a speech at Frankfurt University yesterday, Mr Karl Otto Põhl put the decision in purely capital markets terms, explaining the move as a "contribu-tion to the attractiveness of Frankfurt as a financial cen-

Whatever the reasons, bank-ers were enthusiastic about the abolition of the notification period, which follows a gradual narrowing since the mid-1980s, when the period was first halved to two weeks and then further reduced to two days.

"If we have a great swap it means we can do the deal right now," said one excited syndicate manager. While the steady reduction in the notification period has certainly made

swap-driven DM Eurobond deals more feasible, the con-tinuing need to inform the Bundesbank well ahead of a planned issue could still play havoc with the schedule.

Meanwhile, reducing the minimum maturity for public issues to two years should also stimulate both borrowers and investors. Although shorter maturities are available via private placements, which have three-year minimum maturities, the improved visibility of a public offering should further stimulate the market in shorter maturities.

The change will be particu-larly attractive for investment banks active in Japanese equity warrant deals. The fiveyear floor has severely constrained the attractions of issuing in D-Marks, as swap opportunities via the forex market are largely limited to four years. As a result, the number of Japanese warrant issues in D-Marks has been a relative trickle compared with the flood in some other currencies.

However, the cut in the minimum maturity may not receive an unreserved welcome from German banks, which have consistently argued that such a move should take place only if accompanied by the abolition of the country's stock

exchange turnover tax.

The effect of the tax is most marked on short-maturity securities, triggering concern among some domestic bankers that the latest decision may only serve to encourage the general trend to trade German paper in London, where it can change hands tax free.

NTT fills issue vacuum with \$200m deal

By Andrew Freeman and Katharine Campbell

NEW-ISSUE activity was muted on the Eurobond mar-ket yesterday, with syndicate managers busy absorbing the Ecu revision. A single dollar deal emerged, despite evidence of strong investor demand for paper of the right maturity. Paribas Capital Markets was the lead manager of a \$200m 10-year issue for Nippon Tele-

INTERNATIONAL BONDS

graph & Telephone (NTT). The bonds carried a 9 per cent cou-pon and were priced at 101% to yield 50 basis points over the equivalent US Treasury. Although there was some

grumhling that the bonds gave little away against existing NTT paper, traders reported a hot reception, especially in Europe and the Far East. The bonds sold out quickly and were quoted on a narrower spread at less 1.68 bid by the lead manager, well inside underwriting commissions of 2 per cent.

The proceeds were swapped into floating-rate dollars to achieve a rate of around 30 basis points below Libor, before being swapped into fixed-rate yen. It is understood that Dai-Ichi Kangyo Bank was the counterparty on the yen leg of the swap.

The long-dated Euro-sterling sector was tapped with a £100m 25-year issue for P&O brought by BZW, which acted as sole lead manager. BZW described the deal as "quite adventurthe paper was sold within a matter of hours, there was talk

ous," given the parkous recent condition of sterling and conse-quent unpredictability of the UK government bond market. The bonds were priced at a spread of 175 basis points above the 9 per cent Treasury stock due 2008 and were placed at prices ranging between 97% and 97% as long gilts firmed slightly during the morning.

A mixed response was reported from the UK institutions at which the deal was principally aimed and, although BZW said the bulk of

matter of hours, there was talk of some resistance.
In Germany yesterday, prices were slightly easier in light trading. Deutsche Bank was the lead manager of a DM300m equity warrant issue for Uny, which was trading at 97% bid, outside tees, after an average reception. average reception.

Sumitomo Bank launched its first issue in Germany, a DM100m deal for Mizuno Finance, which traded inside fees at 100.45 bld. In Switzerland, traders

reported a shortage of quality paper in the straight maturity sector, amid underlying firm Swiss Bank Corporation

issued a SFr125m convertible deal for Maxwell Finance, the first international convertible deal by the borrower. The cou-pon was indicated at 5% per cent, with an indicated conversion premium of 22 per cent.

The issue was trading at less 1% bid, inside fees, although some banks, notably Credit Suisse and Union Bank of Switzerland, were reluctant to accept the indicated terms and said they would wait until final terms were set before commit-ting themselves.

Elsewhere, Matador bonds responded to Spain's entry into the EMS with gains of around % point. Yesterday's business outstripped last week's total

	NEW	INTE	RNATIO	NAL	BOND	ISSU	ES
Borrower STERLING	-	rmount or	Coupon %	Price	Meterity	Fees	Book runner
P&O(b) ♦		100	1112	975	2014	n/a	BZW
US DOLLARS Nippon Tel. & Tel.♦ Fují Bank (Canada)(e)♦		200 20	94	101¾ 102¼	1999 2004	2/114 214/112	Paribas Capital Markets Fuji Int.
D-MARKS Uny Co.# Mizuno Finance Neth.** KS International Luc.**		300 100 50	(1¾) 7½ 7	100 101 % 101	1994 1993 1992	214/11 ₂ 11 ₂ /1 n/a	Deutsche Bank Sumitorno Bk(Deutschland) Industriekreditbank
SWIES FRANCIS Maxwell Finance Ltd.(a)S		125	(5½)	100	1994	15g	SBC
ÆN Bengue Nat. de Paris(c)∳ Bergen Bank(d)‡∳	•	4bn 4bn	(c) (d)	1013 ₈	1992 1991/92	13/3 10/15bp	Bankers Trust Int.

LONDON MARKET STATISTICS

LONDON RECENT ISSUES

FT-ACTUARIES SHARE INDICES													
These indices ar													
the Institute of Actuaries and the Faculty of Actuaries													
EQUITY GROUPS		Men	ky Ja	ne 19	Fri Jim 16	- Thu Jun 15	Wed Jun 14	Year ago (agorest)					
& Sub-Sections			Est. Families	Gross .	Est. P/E	rri adi		 					
Figures in parentheses show number of stocks per section	index No.	Day's Change	Earnings Yield % (Max.)	Yield% (Act at (25%)	Ratio (Net)	zzi adj. 1989 to date	index No.	ladex No.	ladex No.	index No.			
1 CAPITAL G000S (205)	957.69	19.2	10.95	4.89	11.21	14.74	955.51	341.41		778.55			
2 Building Materials (29)	1183.19	+0.2	12.82	4.33	19.28	22,52	1188.73	1161.89		1010.33			
3 Contracting, Construction (37) 4 Electricals (9)	11023-70 12704 CB	-8.3 -8.2	24.24 8.89	4.31 4.18	9.21 13.97	39.72 59.64	1433.22	1627.59 2779.65		1588.89 2878.63			
5 Electronics (30)	2249.81	200	2.48	3.89	15.23	23.92		2223.82					
& Machanies Contraction (54)	577 1	.47.1	10.88	4.01	12.21	8,84	522.46	520.70		399.85			
8 Metals and Metal Forming (7)	517.40	2.6	19.36	5.79	5.69	3.82	531.30	529.72	536.65	474.86			
9 Motors (17)	322.12	+8.5	22.54	4.72	18.17	6.83	329.61	320.50	328.52	274,15			
10 Other Industrial Materials (22) 21 CONSUMER GROUP (187)		+8.5	9.49 9.85	4.30 3.68	12.58 13.82	26.35 17.90	1577.33 1217.48	1565.98 1209.33		1285.66 1886.26			
22 Researce and Dictiflare (22)	7721.66	4.2	16.28	3.66	12.23	19.41	1323.49	1328.85		1126.78			
25 Food Manufacturing (20)	1883.90	+9.7	9.51	3.07	13.26	17.13	1876.87	1972.85		972.65			
26 Food Retalling (15)	2399.40	+0.4	8.42	3.17	15.58	25.59	2389.80	2337.31					
27 Health and Household (14)	2216.34	+1.2	6.69	2.68	16.96	21.50	2129.19	2166.77	2181.41				
29 Leisure (33)	1651.49	+3.2	7.67	3.43	16.31	22.85	1432.27	1628.61		1342_90			
31 Packaging & Paper (15)	567.53	+8.2 +8.2	10.17	. 433	. 12.43 14.52	8.15	56.30 156.50	565.16 3513.88	565.64 3524.44	584.52 3381.53			
32 Publishing & Printing (19)34 Stores (34)	2042./8	18.4	8.69 11.29	4.48	11.59	71.88 14.98	3334.50 881.54	791.12	794.91	818.33			
34 Stores (34)	514.98	48.3	71.24	5.42	10.76	13.42	533.63	529.86	528.97	591.62			
40 OTHER GROUPS (94)	1127.66	10.5	20,30	416	12.95	13.55	1122.86	1117.62		892.70			
41 Agencies (19)	1359.56	+6.6	7.30	2.A2	16.95	14.91	1549.39	1353.61	1364.94	1174.63			
42 Chemicals (22)	1276.53	+0.3	11.17	4.67	. 20.56	26.38	1272.79	1269.30	1271.90	1056.81			
43 Conglomerates (12)	1595.59	+0.7	10.54	5.02	11.18	20.16	1583.82	1576.37	1568.47	1268.48			
45 Transport (1.3)	2438./4	-9.2 +8.1	11.14	3.78 4.43	15.82 11.64	39.22 2.76	2444.57 1118.20	2425.69 1120.20	2422.61 1137.57	1909.48 952.68			
48 Miscellaneous (27)	1707 53	41.3	9.33	3.58	12.17	23.26	1686.16	1665.38	1648.19	1173.54			
49 INDUSTRIAL GROUP (486)	1149.14	+9.5	2.23	3,93	12.49	16.18		1136.30		964.53			
		+0.5	10.45	5.46	12.72	51.14	2654.75		2058.68	1866.07			
51 Oll & Gas (14)		_	_		12.52					_			
59 500 SHARE DIDEX (500)	7226.97	+6.5	9.95	4.13		19.64	1221.25			1046.68			
61 FINANCIAL GROUP (120	726.88 719.21	+0.2 +6.1	24.81	5.36 6.65	5.29	17.62 21.71	725.26 718.44	721.51 735.56	723.49 720.49	765.55 437.33			
62 Banks (8)		+6.3		5.68	3.23		1947.67		1858.52	1623.86			
66 Insurance (Composite) (7)	563.37	10.6	1 - 1	6.89	_	16.75	559.87	561.38	559.54	556,89			
67 Insurance (Brokers) (7)	966.87	-0.9	7.81	6.48	17.22	31.63	976.83	N7.50	964.31	971.98			
68 Merchant Banks (11)	327.81	-0.1	-	4.74	-	5.93	328.27	325.00	331.12	368.87			
69 Property (52)	1388.90	+0.7	6.34	2.91	29.10	15.90	1299.55	1289.72	1281.57	1256.83			
70 Other Financial (31)	356.78	-1.1	11.49	6.04	11.07	8.62	364.89	341.00	360.29	385 <u>.63</u>			
71 Investment Trusts (71)	P141.24	-8.2][2.86	11.92	14.25	1143.14	1142.91	1143.59	898.39			
81 Mining Finance (2)	617.58	-9.3 +9.5	9.34 11.68	4.16 5.75	9.74	19,45 35,87	619.67 1283.49	1276.33	616.32 1276.29	547.93 1133.93			
91 Overseas Traders (8)	1163.16	+8.4		4.28	-	18.53	1098.73	1610.13	1094.50	953.58			
99 ALL-SHARE BIDEX (785)			\vdash										
1 11	todex No.	-Day's Charge	Day's High (a)	Day's Low (b)	Jan 16	Jan. 15	Jan 14	Jen 13	Jun 12	Year ago			
FT-SE 100 SHARE INDEX4	2154.7			2140.0	2143.9								

FIXED INTEREST							AVERAGE GROSS REDEMPTION YIELDS	Mon Jun 19	Fri Jun 16	Year ago (approx.)
PRICE IMDICES	Mon Jun 19	Day's change %	Fri Jun 16	xd adj. today	xd adj. 1989 to date	ï	British Gererament Low 5 years Compose 15 years	18.83 9.57 9.39	18.87 9.56 9.41	9.04 9.29 9.18
2 5-15 years	316.96 129.77	+0.26 +0.37 +0.32 +0.22	116.83 129.97 140.39 162.79 128.36	- 9.53 8.28 - 9.31	1.36	567899 10 112	Medium 5 years. Coupous 15 years. 25 years. High 5 years. Coupous 15 years. Irredeemables. Index-Linked Inflation rate 5% Over 5 yrs.	11.89 18.82 9.56 11.23 18.24 9.74 9.39 3.85 3.79	11.12 18.87 9.61 11.25 10.29 9.80 9.42	9.51 9.49 9.32 9.59 9.63 9.37 9.23
7 Over 5 years 8 All stocks	132.15 132.29	+0.27 +0.26	132.87 132.21	9.29 9.27	1.88	14 15	Inflation rate 10% 5 yrs. Inflation rate 10% Over 5 yrs. Belis & 5 years 15 years 15 years	3.04 3.61 11.86 11.56	3.87 3.62 11.91 11.64	1.59 3.63 10.31 10.70
9 Ocheshes & Laus 10 Preference	87.62	+0.24	115.04 87.47	9.77 8.96	5.91 3.10	17 18	25 years	18.29	11.37	9.59

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PROPERTY INVESTMENT & FINANCE The Financial Times proposes to publish this survey on:

6th July 1989

For a full editorial synopsis and advertisement details, please contact: Joanna Dawson on 01-873 3269 or write to her at: er One, Southwark Bridge London, SE1 9HL

FINANCIAL TIMES



Sea Containers chief claims his company was valued two years ago at \$2bn

Sherwood swats at the Stena/Tiphook takeover bid

By Andrew Hill

MR JAMES Sherwood has the sort of immovable bulk to which nervous ferry passen-gers could safely lash themcompany by Stena, the private
Swedish ferry operator, and
Tiphook, a quoted UK container rental group.

"I'm also determined that

selves in a storm.

Standing on the bridge of his
London headquarters yesterday, the president of Sea Containers was clearly impervious to the stock market squall unleashed by his comments over the weekend.

Mr Sherwood had suggested that his plans to rescue the Bermuda-registered group from a hostile Anglo-Swedish bid would realise between \$70 and

\$100 a share for investors.
Yesterday, as Sea Containers shares climbed to more than \$72 in New York, he revealed that Lazard Frères, the group's merchant bank, valued the That compares with the \$824m price tag attached to the

whoever buys the company, it won't be Stena or Tiphook," he added, claiming that the preda-tors would dismiss middle management if they won their

But Mr Sherwood's comments - transmitted through the pages of British newspapers rather than in official announcements - have confused the market.

Speculative investors in New York have been buying into

company two years ago at about \$2bn. the company since Stena revealed an 8.2 per cent stake - now diluted to 7.1 per cent

two months ago.

Arbitrageurs hold about 15 per cent of Sea Containers and some have seen their holdings more than double in value. But as one New York arb wondered yesterday: "We're all in the dark here — why should he [Sherwood] talk up the shares if he wants to mount a

saires if he wants to mount a leveraged buy-out?"
Sea Containers, which owns Sealink British Ferries, is toying with three alternatives:

• a leveraged buy-out;
• a recapitalisation of the

These include the group's 11 container ships and the group's 42 per cent stake in Orient-Express Hotels, which runs the famous luxury train: "I would probably buy the Orient-Ex-press stake myself," said Mr Sherwood yesterday. a "white knight" counterbid. Mr Sherwood said he had not

month"

Shareholders would retain their common shares, receiving a cash dividend for the disposals and convertible preference stock, quoted on the New York

stock exchange. Mr Sherwood has also been attacking at the opposition.

The criminal record of Stena's founder, Mr Sten A Olsson, would involve selling the ordi-nary dry cargo containers busi-ness — which represents about 35 per cent of the group's 280,000 standard containers could provide one plank of Sea Containers' defence. Mr Oisson, whose son now runs the company, was convicted 28 years ago for trading with the Eastern Bloc, thus infringing a Western embargo. He was later granted a pardon by the King

Sea Containers is lodging submissions with the UK's Department of Transport alleg-ing that Stena is an unsuitable

buyer for Sealink, in which the Government has a "golden

More conventionally, Mr Sherwood has cast doubt on Sherwood has cast doubt on the financing of the deal. He claims that Scandinavian banks lending some \$310m to Stena think the private ferry company is already overstretched.

A higher offer, said Mr Sherwood yesterday, would also push Tiphook's gearing to unreasonable levels.

Stena and Tiphook, mean-

Stena and Tiphook, meanwhile, are speechless in the face of the hall of allegations and valuations. They are unable to pursue their offer until a temporary restraining order in Washington DC is lifted.

Holders approve Hopkinsons' sale after EGM furore

By Clare Pearson

THE BOARD of Hopkinsons Holdings, the Huddersfield-based valve manufacturer, withstood intense criticism from the floor at an extraordinary general meeting yester-day before obtaining share-holders' approval to sell Hopkinsons Ltd, its core manufacturing unit, to Weir Group,

incurring unit, to wen droup, the engineering company.
Representatives of a partly management-backed consortium which had made a rival 19.7m bid decried as a "travesty" the board's decision to favour Weir's offer, which totalled £11.12m including the assumption of a £2.7m over-draft.

But when a poll was taken on the resolution to sell the unit, votes in favour stood at 43.06m, against a total number of shares of around 62m, while just 175,900 were voted

Mr Bruce Sanderson, a representative of the consortium members, drew "hear, hears" from small shareholders when he said after the sale they would be left with "A tiny rump organisation with the great Hopkinsons name reduced to being used by others under licence, a handful of small embedding commencers. small subsidiary companies, and a cash injection of an

unknown amount. Mr Peter Frost, chairman, said: "What you have to under-stand is if we don't sell it to Weir, it closes down. There is not going to be another buyer

who will be able to give us a comparable return.

comparable return."

Although the consortium's bid for Hopkinsons Lth appeared to be higher than Weir's, when it was first announced it had been lower than the "cut-off" point the hoard had pre-determined for consideration of offers. Mr Frost said. Since then, further information about the site had information about the site had led the value of all the other offers to fall, he added.

The lengthy meeting in London marked the culmination of an acrimonious four-month hattle during which the consortium has sought to convince shareholders that the board failed to act in their best inter-ests in rejecting its offer. The offer was made in Febru-

ary after Hopkinsons said it would close down the Hudders-field site with the loss of 900

Hopkinsons said it could be raising about £19m through the joint sale of the Huddersfield site, a South Airican subsidiary and the exercise by Weir of a twelve month option it had been granted over Hophold, a

Under the agreement with Weir, Hopkinsons Holdings will be entitled to receive 50 per cent of the net sale pro-ceeds of the Huddersfield site

over £7m.
If a sale occurs between 18 and 60 months after comple-tion, the amount of £7m is reduced to £2.5m.

pany.

Bank of Yokohama itself has indicated to Guinness Mahon that it believes it would be

commercially advantageous for there to be a minority share-holding and for Guinness

Mahon shares to continue to be

BICC launches \$44m offer for Andover Controls

BICC, the construction and cables group, yesterday announced its second tender offer for a US company within a month.

The company is offering \$44m (£23.5m) for Andover Controls Corporation, a designer of electronic systems for so-called "intelligent" build-

ings.

The latest move comes just days after BICC completed the \$177m acquisition of BRIntec, a US cables company, it is significant in that it represents a step towards expanding BICC's

technology division, by far the smallest of BICC's three "legs" and subject to numerous ups and downs in recent years.

Andover, one of the three companies dominating the \$200m a year market for advanced electronic automation systems, made operating profits of \$3.6m in the year to June 1988, and an identical amount during the nine months to March 1989 (the comparable figure was \$2.7m). Net assets amount to

Mr Robin Biggam, BICC

chief executive, said that the proposed acquisition was an important step towards creating a systems and electronics group complementary to the group's two fibn-plus a year businesses in cables and con-

struction via Balfour Beatty. The Technologies division contributed £6.7m to BICC's group operating profits of £172.7m last year on turnover of £166m comapred to the group total of £2.9bn. On both counts, the division's performance was down on the previ-

BICC's shares have outper formed the market signifi-cantly this year, partly because of the group's exposure to booming construction markets but more because of the perceived success of the group's strategy over recent years.
This has been to rationalise

talked to potential counter-bid-ders yet, and that he would make a move "within a

He also seemed resolved to

ep the helm of the company

Recapitalisation of the group

and Sea Containers' peripheral

the cables business and to build market share all over the world via a sequence of acqui-

that it is a sequence of additions.

The Technology division was built up at the beginning of the 1980s as a means of diversifying away from stagnant condi-

suffered badly in 1985 due to exposure to the computer market, and again in the following year as markets in the Middle east turned down.

It has been reorganised, with disposals amounting to £33m in 1988 alone, and is now focussed on technology which has some link with cables and construction. A new management team came on board last summer.

The tender offer is pitched at \$16 per share; shareholders with 21 per cent of Andover have backed the deal.

Creighton Labs shares drop after warning

Shares in Creighton Laboratories, the USM quoted natural beauty products manu-facturer, plummeted 117p to

facturer, plummeted 117p to 313p yesterday in reaction to a profits warning issued late on Friday night.

The warning related to the effects on results for the year to March 31 of a downturn in demand from a major customer in the US, understood to be Crabtree & Evelyn, the tolletries retailer.

Analysis' forecasts for pre-

Analysts' forecasts for pre-tax profits for the year just passed, which last week were expected to come out at around £1.85m, were rapidly marked down to around last time's level of £1.26m.

time's level of £1.25m.

Analysts expressed surprised yesterday that Creighton had waited until now, just weeks ahead of its results announcement next month, to warn of problems which had become apparent in the final quarter of last year.

Mr Richard Collard, chairman, said: "I took a calculated gamble. I wanted to find out what their commitment for the autumn would be before

autumn would be before announcing anything. Their commitment is awful." He said he did not know

why orders from the big cus-tomer, which he declined to name, had fallen so much but they appeared to be over-stocked. "I'm certainly still their supplier," he

BOARD MEETINGS

inti Bond Fund rai Cons lev Trust ...

> Partdabrea Finance Corporation Guaranteed Floating Rate Bonds due 1998

U.S. \$165,000,000

Boncholders are advised that for the six months interest Period from June 20, 1989 to December 20, 1989 the Bonds will carry an interest rate of 95-% per annum. The amount psyable on December 20, 1989 will be U.S. \$489.27 per U.S. \$10,000 principal amount. By: The Chase Manhatten Bank, N.A. London, Agent Bank

Guinness Mahon directors advise caution in accepting Yokohama stake

By David Lascelles, Banking Editor

THE DIRECTORS of Guinness Mahon, the London merchant banking group, are advising shareholders that it might be to their advantage not to accept the agreed takeover offer by Bank of

At the end of last month, Bank of Yokohana agreed to buy a 61 per cent stake in Guinness Mahon From the bank creditors of Equiticorp. But under the Takeover Code, it must also make an offer st

Purchase helps European. Colour double

IB COIO iormerly Horace Cory, which increased substantially in size with the acquisition of Ellis Jones, reported doubled pre-tax prof-its of £708,000 in the 15 months to the end of March 1989. Turnover rose to £15.98m (£10.64m for the previous 12 months). Earnings per share were 2.07p (0.81p) and a final dividend of 0.75p is recom-mended for a total for the

period of 1.15p (0.75p). Moorfield Ests. rises

Moorfield Estates, the commercial and residential property developer which came to the USM in April last year, reported taxable profits up 53 per cent to £356,000 for its seasonally unfavourable six months to April 30 1989. Turnover was £3.1m (£2.97m).

Earnings per 10p share came to 2.77p (1.98p), and there is a 1.2p maiden interim dividend.

the same price for the remaining shares. In a circular to shareholders yesterday, Mr Geoffrey Bell, the chairman, says that the

board and its advisers, J. Henry Schroder Wagg, believe the offer to be fair and reason-But he says that the board considers that the Bank of Yokohama will be a strong

shareholder for Guinness Mahon, and some shareholders may therefore prefer to retain a stake in the company. Alter-natively, they might wish to tender only part of their share-

Mr Bell reveals that both he and Lord Douro, the deputy chairman, intend to buy more shares in the market, and will be the bell with the market, and will Bank of Yokohama, This would give them an interest in retain-ing a public listing for the com-

Mahon shares to continue to be publicly traded.

Mr Bell says he has discussed the offer with two of the main minority shareholders, Lord Kissin and Mr Robert Maxwell, but at this stage neither has disclosed whether he intends to accept it.

Bank of Yokohama, Japan's largest regional bank, is offering 148p a share in a deal valuing the group at 1945m. The Equitions stake became available after the New Zealand-based company went into vol-

based company went into vol-untary liquidation earlier this year. Bank of Yokohama secured it in an auction on May 24.

mg a public require its	THE COM	- Subj 2									
DIVIDENDS ANNOUNCED											
	Current payment	Date of payment	Corres - ponding dividend	for	Total last year						
BETfin	8 -		7	- 11.5	10						
Brunner Inv TetInt	1.7	_	1.4		3.1						
Cassidy Bros §fin	3.15	-	-	8.15	-						
Crest MichelsonInt	3	Oct 2	2.5	-	7.15						
Erskine Housefin	4.35t	-	3.6	6.25	5.2						
European Colourfin	0.75t	_	0.4	1.15☆	0.75						
Hewetson §fin	2.6	-	2	3.85	3						
Hobson §fin	0.5	-	0.5	0.751	0.5						
Klein Charter IT .,int	1.075	-	0.95	_	3.25						
ML Holdingsfin	2.13†	Oct 2	1.7	2.85	23						
Melville Streetfin	2.5	Aug 25	1.5	3	2						
Moorfield Esta §int	1.2	Aug 25	-	_	_						
Renoldfin	2	-	1	2.8	1.5						
Ryan Hotelsint	0.5	Sept 15	0.5	-	1.5						
Sterling Pub &fin	4.5	Oct 1	3.3	4.5	3.3						
The Reject Shops,fin	2. f	July 31	-	3,15							
TR Technologyfin	1.5	July 24	-	1.5	_						

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §SUnquoted stock. •Third rights and/or acquisition market. AFor 15 months.

This advertisement is issued in compliance with the requiren	nents of the Council of The
Stock Exchange. It does not constitute an invitation to the pourchase, any securities.	public to subscribe for, nor

Permission has been granted by the Council of The Stock Exchange for admission of the 8.25p (net) Convertible Cumulative Redeemable Preference Shares of 10p each to the Official List.

Application has been made to the Council of The Stock Exchange for admission of the Subscription Warrants to the Official List on 11th July, 1989.

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Rights issue of

213,932,439 8.25p (net) Convertible Cumulative Redeemable Preference Shares of 10p each at 100p per share

Issue of up to 5,045,586 Subscription Warrants

Copies of the Listing Particulars relating to the issue of the above mentioned securities are available in the Extel Statistical Services and may be obtained during usual business hours up to and including 22nd June, 1989, from the Company Announcements Office at 46-50 Finsbury Square, London EC2A 1BD and during usual business hours on any weekday (Seturdays excepted) up to and including 3rd July, 1989 from WPP Group plc, 27 Farm Street, London W1X 6RD, and from:

Samuel Montagu & Co. Limited 10 Lower Thames Street London EC3R 6AE

Panmure Gordon & Co. Limited 9 Moorfields Highwalk London EC2Y 9DS

20th June, 1989

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GIBANNINA **CONSOLIDATED RESULTS 1988**

170.566 + 21 % Net profit 2.265 + 19 % 6.068 + 22 % Cash flow

1988 HIGHLIGHTS

(Million BF)

In Belgium:

- Recovery of Sarma-Nopri after the 1987 take-
- Start of a major project to modernize D.I.Y. outlets Implementation of plans to modernize hyper and
- Acquisition of a majority holding in Rob, a spe-
- cialized food retailer Association with French, Dutch and German pur-

- Increased holding in Scotty's in the U.S.A.
- Strengthening of position as market leader on the French market for fast-food restaurants, by purchasing Freetime, a chain of 45 hamburger res-
- Opening of 37 new D.I.Y. stores, including the first two in Spain
- Assuming control of the development of the Vêtir textile chain in France

GROWTH 1984-88

The objective set in the five year plan 1984-89 to double profits

has been achieved one	year ahead of time
Sales Net profit	+ 38 % + 123 %
Cash flow	+ 52 %

A STRATEGY FOR THE FUTURE

The results achieved to date will help the group to:

Strengthen mass retailing and D.I.Y. in Belgium

Develop franchising and D.I.Y. in Europe and the U.S.A.

The GIB GROUP is the number one retailing group of goods and services in Belgium. Its activities cover multiproduct mass retailing as well as speciality retailing, franchising, restaurants and services. Operating internationally in Europe and the U.S.A., the Group is particularly active in the field of D.I.Y.

SUPERGB-MAXIGB-ROB-BRICOGB-AUTO5-RESTOGB-INNO-GRANDBAZAR-SARMALUX-SARMANEW SHOP-SARMASTAR LUNCH GARDEN - NOPRI - FNAC - PEARLE VISION CENTER - CLUB - DISPORT - TRANSCONTINENTAL - PIZZA HUT - QUICK - MISTER GRILL UNIC - CHRISTIAENSEN - VETIR - HANDY ANDY - SCOTTY'S - CENTRAL HARDWARE - AKI - HOMEBASE - OBI - GBZAIRE

Hunting companies agree to merge

By Philip Coggan

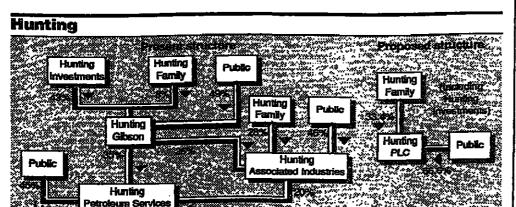
A THREE-WAY merger was agreed yesterday between Hunting Gibson, Hunting Associated Industries and Hunting Petroleum Services. It will create a group, simply called Hunting, with forecast pro forma pre-tax profits of £46.6m

The three companies were already linked by a complex cross-shareholding structure, but the Hunting family, which will end up with 33.4 per cent of the combined group, and its advisers believe that the structure led to the individual companies being under-rated by the stock market. Our market rating was

around eight when it should have been about 12," said Mr Richard Hunting, currently chairman of HAL The simplified structure, Mr Hunting believes, will increase the group's stock market profile and the shares' liquidity, and create a clear strategic focus. The merged group will be an industrial holding company with four main divisions: defence, aviation support, oil services and technical. Pro

forma results for the divisions in 1988 split as follows: defence £18m profits on £248m of turnover; aviation support £5.5m profits on £120m; oil £9m profits on £214m; and technical £1.4m loss on £65m. Over the past five years, the merged group's pro forma trad-ing record shows an increase

in pre-tax profits from £9.5m in 1984 to £34m in 1988. The merger will end more than a century of majority ownership for the Hunting family which set up in the shipping business in 1874. "It was a psychological roadblock to overcome," admitted Mr Hunting. He said the Hunting family would seek to incre its stake to between 35 and 40 per cent via market purchases. The private company floated off HAI in the mid-1960s and



then the shipping businesses were listed as Hunting Gibson in 1970. The slump in the shipping industry caused Hunting Gibson problems in the mid-1970s, in the course of which its oil interests, and those of HAI, were spun off into Hunting Petroleum. Hunting Gibson finally pulled out of ship own-

ership in 1983. HAI is easily the largest of the three companies with interests in defence and engineering, aviation support and elec-tronics. The defence business is involved in the JP233 runway bomb and the SWAARM (Smart Weapon Anti-Armour System). In 1988, the group made pre-tax profits of £26.5m and it is forecasting profits of £33.5m this year.

HAI has also agreed to buy Irvin Industries, a US manufacturer of airborne weapon retarders and parachutes, for \$44m (£28.8m). Irvin made pre-tax profits of \$3.25m on turnover of \$65m in 1988 but its results were affected by production problems and losses on peripheral activities in Italy. Profits in 1987 were \$6.01m. **Hunting Petroleum Services** is involved in crude oil carrying and specialised coating products. In 1968 it made pre-tax profits of £8.7m and it is forecasting profits of £12.5m

The main assets of Hunting Gibson are its 26.5 per cent stake in HAI and its 34 per cent in HPS. The company also is involved in shipbroking and has a 20 per cent stake in New England Properties. In 1988, it made pre-tax profits of £10.6m and it is forecasting profits of £13.6m this year. The means by which the merger will be effected is via

an offer by Hunting Gibson for the other two companies. The terms of the HAI offer are 1.7 ordinary shares in Hunting Gibson and one cumulative convertible preference share for each HAI ordinary share. The convertible preference shares carry a dividend of 8.25 per cent and are convertible on the basis of 34 ordinary shares for every 100 preference shares.

The offer for Hunting Petroleum is 0.475 ordinary shares and 1.01 convertible preference shares for every ordinary share. Based on yesterday's closing prices, the offer values each HPS share at 235p, com-pared with the market price of 225p, up 18p. The offer for HAI values

each share at 561p, compared up 87p. Hunting Gibson shares

rose 24p to 267p. In terms of market capitalisation, the offers value HAI at £158m and

The Hunting family stake of 27.6 per cent in HAI has been irrevocably committed to the offer, and together with the 27.6 per cent stake owned by Hunting Gibson, that means that 54.1 per cent of HAI's equity is pledged to the bid.

HAI owns 20.3 per cent of Hunting Petroleum and intends to accept the offer but it cannot receive new Hunting shares, since it would then hold shares in its parent company. Accordingly, it will sell the assented shares in the mar-ket. Together with the shares owned by Hunting Gibson, this means that 54.6 per cent of Hunting Petroleum's equity is set to be committed to the bid.

The new board will comprise Mr Clive Hunting (chairman). Mr Richard Hunting (deputy chairman), Mr Ken Miller (managing director), Mr Dennis Clark (finance director), Mr Brian Stairs (executive director), Sir Richard Trant (executive director), Mr Roy Treacher (non-executive director) and Mr Bob Bensly (non-executive

ANI gives undertaking not to sell

Aurora

By Ray Sashford DIRECTORS OF Aurora have been given an assurance by Australian National Industries that it does not intend to dis-

engineering company. Consolidated Press, controlled by Mr Kerry Packer and the holder of a 48 per cent stake in ANI, gave Aurora the undertaking last week.
Mr Packer took the holding

pose of the Sheffield-based

in ANI earlier this year when Australia's biggest engineering company hit severe financial difficulties. ANI paid the eqivalent of £138.1m for Aurora last December after a three month takeover fight. Mr Andrew Wallis, Aurora's finance director, said Mr Max Sandow, ANT's new chairman gave "an unequivocal assurance" to him Sydney last Tues-day that there was no plan to

sell-off or break up Directors of ANI will arrive in Britain soon to take a closer look at the operations of Aurora as part of an assessment of the Australian cominternational DARY'S operations following the take-over by Mr Packer.

Aurora is understood to have received a several inqui-ries about the purchase of part of the company when the extent of the difficulties facing ANI became apparent.

Lowndes Queensway

Lowndes Queensway has exchanged contracts with cli-ents of Dawnay Day for the sale and leaseback of 15 prop-erties comprising Queensway and Carpetland outlets with a total of 380,000 sq ft. The gross consideration is about £19m.

Crest Nicholson advances 44% to £20.23m pre-tax

By John Ridding

CREST NICHOLSON, the building and property development group, overcame the effects of higher mortgage rates to achieve pre-tax profits of £20.23m for the six months to April 30, an increase of 44 per cent and ahead of market

expectations.
Mr David Donne, chairman described the results as "a good performance in what is a more uncertain trading environment". But he added that conditions had become more April, with a downturn in consumer confidence and an increase in cancelled sales from 20 to 30 per cent.

Turnover increased from £115.51m to £143.82m and earnings per share rose in line with profits from 10.01p to 14.43p. There is an interim dividend of Sp (2.5p).
The company does not break

down profits at the interim stage but all the group's princi-pal businesses were said to have "improved their results

significantly".

The residential housing division, which represents the bulk of group profits has been most seriously affected by the cli-mate of higher mortgage rates. However, forward sales amount to about 500 units for the next four months and the company should achieve 1,500 units for the year as a whole about the same as last year.

In addition, Mr Roger Lewis, chief executive, said that the company had successfully used marketing initiatives, effectively mortgage assistance, to buttress sales.
The commercial property

division showed a strong improvement on the comparable period, reflecting the taking of profits on three indus-

trial units. Good progress was also experienced in the leisure and construction divisions, although the leisure businesses showed the leisure busines their customary first half

To reduce the impact of higher interest rates, the group's current strategy involves the development of the two smaller divisions. For the year as a whole, the contribution of residential property is expected to decline from 70 per cent to 60 per cent.
Within the residential division there will be emphasis on

smaller sites and on first time

Mr Lewis said that the group would use its strong balance sheet (currently geared at only 1 per cent) and the softer land market to expand its holdings. On current building rates, the company has land for 18

O COMMENT For Crest Nicholson, as for the rest of the sector, the question

CPU profits dive 29%

Computers, USM-quoted peripheral equip-ment distributor, reported a 29 per cent downturn in pre-tax profits for 1988. On turnover up 38 per cent to £47.01m (£34.08m), profits dipped from £1.21m to £864,000,

in interest and similar charges to £449,000 After tax of £117,000 (£572,000), earnings per 5p share were 4.33p

partly reflecting an increase

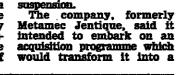
Mr David Donne, chairma

"a good performance is not whether the Chancellor's tighter monetary policy will damage results but by how much. Crest, however, is one of the favourites to outperform its colleagues during the current difficulties and yesterday's numbers will do nothing to lengthen the odds. The comright in protecting itself - a presence in the relatively buoyant north would have been an advantage - but it has been shrewd in other departments. Thus, gearing is effectively nil, emphasis has been placed on forward sales, the temptation to provide expensive land was resisted and there has been a useful diversification into commercial property. Consequently, the company is relatively well placed to moure the current constraints and to capitalise when the residential market turns. For the moment, a flat second half for residential property means that last year's second half spurt will not be repeated and that pre-tax profits will be held to about £42m. This places shares on a prospective multiple of about 6.5 - fair value given the lon-

ger term potential of its strate

South Green seeks relisting

SOUTH GREEN Holdings, a former clock and furniture manufacturer, yesterday announced it would seek a relisting this summer, in a move that would end 4½ years of





Sir Timothy Bevan, announcing the annual results of BET, said yesterday that the international services group had had a

in DIY products.

Metamec's shares were suspended in December 1984, just before the losses forced it into receivership. In 1985 it was sold to FKI Electricals and in September 1988 control of the company was returned to the

The shell currently consists of £200,000 and a plot of land at South Green, Norfolk, which is valued at about

Mr Clive Faulkner, a former nanagement consultant who joined the company in December 1983, will head the new company. He intends to relinquish his current position of managing director of Gibbs-Palmer, a private distributor of



Hambros Encouraging performance

Profits and dividends up for the sixth year in succession

Earnings per share increased from 24.8p to 25.3p

Strong performance in Corporate Finance, **Banking and Eurobonds**

Banking companies' capital will be expanded by £81m following acquisition of Hambros Investment Trust

Hambro Guardian Assurance develops products and widens distribution channels

150th anniversary of foundation in London

RESULTS FOR THE YEARS ENDED 31 MARCH

	1989	1988
Profit before tax and minorities	£70.2m	£69.4m
Profit after tax and minorities	£40.6m	£39.1m
Earnings per share	25.3p	24.8p
Total dividend per 20p ordinary share	10.0p	9.0p

we extracts are taken from the statement by Charles Hambro, the Chairman, included in the annual report for the year ended 31 March 1989 which will be despatched to shareholders on 30 June 1989. If you would like a copy of this report or the new corporate brochure, please write to: The Company Secretary, Hambros PLC, at our new address 41 Tower Hill, London EC3N 4HA.



SCAPA GROUP PLC

Results for 12 months ended 31 March 1989

- -> Earnings per share up to 29.3p
- → Total dividend increased by 14.2% to 8.77p
 - -> Pre-tax profit up by 9.8% to £39.2m
 - Record level of capital expenditure

"There is across the Group world-wide a great confidence in our capability to continue to make good progress in each succeeding year, and to be among the leaders in our areas of business."

R W Goodall Chairman



150 YEARS

INSTERGATE

SUMMARY OF THE INTERIM RESULTS For the Six Months Ended 28th February, 1989

Unaudited trading results	6 months ended 28th February 1989	6 months ender 19th February 1988
	£000's	£000°
Sales to external customers	16,097	29,107
Group trading profit	1,824	1,770
Bank meerest payable	(180	_ (_ (
Group trading profit before taxasion	1,806	L767
Estimated taxation	(646)	(638
Group trading profit after taxation		
actriburable to members of the Company	, f'1 2 0	1,124
Preference dividend of 5p per share	(104)	(104
Profit retained	1,056	1,020

SUMMARY FROM THE REVIEW OF THE CHAIRMAN, MARTIN SHAW, LLB.

Earnings per share at 50,29p (1988: 48,57p) Its exclude ABI Caravans Limited which was sold in

October 1988. tuble to retained subsidiaries has increased by 61%.

Proceeds of sale of ABI will enhance the development of longer term objectives of financing smaller subsidiaries in growth areas and new opportunities particularly in the property and financial services held.

Group's cash position at six months was exceptionally strong and acquisitions were financed by cash generated by profits.

SWINEMOOR LANE BEVERLEY NORTH HUMBERSIDE HU17 OLJ TEL: 0482 870232 TELEX: 592622 FAX: 870358

UK COMPANY NEWS

Reduced dependence on large defence contracts

ML beats estimates with £8.63m

ML HOLDINGS, the aerospace, defence and electrical engineering group, surpassed City expectations with a 64 per cent rise from £5.27m to £8.63m in pre-tax profits in the year to end-March.

Earnings per 5p share rose 18 per cent to 11.3p (9.6p). The final dividend is lifted 25 per cent to 2.13p, making 2.85p (2.3p) for the year. Mr Peter Pollock, chief exec-

utive, emphasised that ML was now much less dependent on large defence contracts than it had been in the past. He said last year's split of profits was 51 per cent for defence, with the balance divided evenly between aerospace and electronic component distribution. Underlying growth was between 25 and 30 per cent. The acquisitions that contrib-

CASSIDY BROTHERS, the

Blackpool-based toy maker which joined the USM in Janu-ary, increased pre-tax profits 29

per cent from £451,492 to

£581,441 in the year to April 30. Turnover rose from £3.96m to

£4.43m, writes Edward Suss-

The company said it had diversified its product line and

WHAT WOULD YOU DO WITH AN EXTRA HOUR IN

uted were Gothic Crellon, the components company bought in February last year, Slingsby Engineering purchased in May, Lifeguard Equipment bought in October, and Radiatron and Townsend Coates, two small electronic equipment distributors acquired early this year.

During the year ML Aviation, which makes airborne weapon carriage and release systems, obtained the contract to design and supply the weapon system for an export version of the Shorts Tucano training air-craft. This was its first as a prime contractor. Production of JP233 bomb dispensers, the core contract, is in the absence of further orders, expected to end in

All other aerospace and defence interests enjoyed a

expanded production capacity. Cassidy makes 50 miniature

versions of brand-name appliances, such as vacuum

Mr Thomas Cassidy, chair-

man, said the company was upgrading its quality control system to achieve British Stan-dards Institute certification,

Cassidy Brothers advances to £581,444

buoyant year. The loss of two important franchises by Gothic Crellon was the only drawback in a year of strong growth on the components side.

Last week ML announced it had sold an option, exercisable up till June 1991, to EB Signal of Norway to buy for about £5.8m its railway signalling subsidiary in Plymouth. In the meantime, RB has paid ML £750,000 to subscribe for shares

in the subsidiary, and as a non-refundable deposit.
Turnover was £111.97m (£74.07m). Before interest charges of £1.07m (£486,000), trading profit was £9.69m (£5.75m)

© COMMENT

The long preparation for the end of JP233 by gradually replacing it with a number of

with an eye toward using the certification to gain greater sales on the continent. About 12 per cent of Cassidy's reve-

nue is from exports.

The tax charge was £216,750 (£179,266), leaving earnings per share at 6.75p (5.04p). There was an extraordinary debit of

other, clearly defined busi-nesses continues to go swim-mingly at ML. These figures were accompanied by a particularly upbeat statement about current trading in the components distribution businesses, which eschew involvement in active components and which have been chiefly responsible for the near one percentage point rise in the trading mar-gin in these figures. Though acquisitions have meant the

balance sheet has deteriorated over the year, interest cover is still healthy at about nine times. Pre-tax profits this year should be about £10.5m, putting the shares, which have underperformed over the last year, on a prospective p/e of a little over 9.5. At a modest premium to their sector, they look fairly cheap.

considered, including a paper packaging manufacturer.

Courtaulds expands US packaging side with £26m purchase

By Alice Rawsthorn

COURTAULDS.

COURTAULDS, the international textiles and chemicals group, is expanding its packaging interests in the US by buying Wheeling Stamping for \$40.5m (£26.1m).

Wheeling Stamping, which is based in West Virginia, is composed of two companies. Thatcher Plastic Packaging produces plastic tubes, chiefly for use in pharmaceutical and personal care products. Knight Engineering makes aerosol over-caps.

over caps.

When the acquisition is completed, the two busineses will become part of Courtaulds Packaging which is already involved in complementary areas of the tube and plastics markets in the UK and US through its Betts subsidiary.

iary.

Mr Sipko Huismans, group director responsible for chemical and industrial interests, said the acquisition would enable Courtaulds to develop a

the tube business across both Europe and the US. Courtaulds' films and packaging interests suffered a fall in operating profits from £30m to £27m - chiefly due to the continuing decline of Cellophane - in the year to March 31 on turnover which rose from

31 on turnover which rose than
233m to £36lm.

The group has expanded
within films and packaging by
making an acquisition in flexibie packaging and by investing
in rigid packaging and oriented
polypropylene film.

Courtaids recently reported
a reduction in pre-tax profits

a reduction in pre-tax profits from £221m to £197m on sales that increased from £2.4bm to £2.6bm in its last financial year. The group's difficulties were concentrated in textiles, which were hit by an increase in imports into the UK, and fibres, where demand for acrylic – the group's principal product – was depressed across Europe.

Shares in the tightly traded company, with only 15 per cent of its share capital on the market, gained 2p to 58p. A dividend of 3.15p was announced. Mr Cassidy, who founded the company in 1945 as a maker of egg timers and crucifixes, said three acquisitions are being considered, including a paper Renold recovery lifts

profits 85% to £7.2m

RENOLD, which makes power transmission products and machinery, continued its recovery and lifted profits before tax by 85 per cent from £3.9m to £7.2m in the year to

April 1. Mr John Allan, finance director, said that the profits rise, while pleasing, were far from satisfactory with margins continuing to be low. The profits were struck on turnover of £145,4m (£131.5m). In the year to March 29 1986,

in the year to march 28 1966, the company made profits of 27.6m on turnover of 2129.9m. However the following year profits fell sharply to 2106,000 on turnover of 2128.4m

Mr Allan added that the new management team had finished the second year in its five-year recovery plan and that the results were a forward step on the road to acceptable levels of profitability.
Sales volumes, said the com-

minster Bank has disposed of 672,635 non-voting ordinary. Holding now 28.8 per cent of ordinary and 6.26 per cent of non-voting. Camford Engineering: Mar-

kheeth Securities has acquired 50,000 ordinary, increasing holding to 5.25m (26.6 per cent). Capital Radio; Radio Investments acquired 12,000 ordinary bringing holding to 1.89m (11.55 per cent).
Church & Co: Funds managed by Scottish Amicable Investment Managers sold 70,000

ment managers sold 70,000 ordinary, cutting stake to 935,000 (8.73 per cent) Clarkson (Horace): Framlington Group reduced holding to 1.84m ordinary shares (9.04 per cent) by selling 1.62m.

CML Microsystems: Henry John Cover sold 90,000 ordinary John Cov

John Gover sold 80,000 ordinary at 169.5p; holding now 1.im (6.35 per cent).

Feltrin Mining: J Fitzsimions and D Kelly have acquired 499,000 shares representing 19.96 per cent of the issued

share capital.
Flexello Castors: RM Menko,

The company said that emphasis had been placed on the management of assets. This, together with a reduction in inventories and the disposal of surplus properties had con-

pany, were up 6 per cent over-all, benefiting from buoyant conditions in many of the com-pany's markets. Chains, machine tools and rotors

reported particularly strong

tributed to a reduction of £14.5m in borrowings, bringing gearing down to 22 (57) per Earnings advanced to 8.8p (3.5p) and the directors have recommended a final dividend

of 2p (1p) for a total of 2.8p (1.5p) for the year, an increase of 87 per cent.

Current order books are up on last year's and, subject to any unforeseen events, the

company expects a "worth-while profits increase in the current year".

SHARE STAKES

Adwest: J Saville Gordon (Commodities) and JD Saville hold 3.33m shares (5.23 per

Bulgin (AF): National West-

director, has sold 10,000 ordinary and holds 245,000 (7.4 per cretionary clients of John Govett reduced to 2.67m (18.89 per

Jacks (William): Wyndham Group has sold 15,000 ordinary reducing its holding to 900,000 ordinary (8.31 per cent).
Parkway Group: Klaus-Peter
Beckmann purchased 400,000 at
255p each; holding now 2.47m

(6.1 per cent) Peel Holdings: Competrol Establishment bought a further 100,000 ordinary and owns nearly 16.4m (20 per cent). River and Mercantile American Capital: Water Authorities Superannuation Fund sold a further 500,000 capital shares, reducing holding to 23m (61.3

per cent). curiguard: Chemical Medical Investment reduced holding to 1.78m shares (9.85 per cent). TR Energy: Henry Ansbacher Ventures owns 4.36m shares

(5.037 per cent). Takare: Singer and Friedlander speaks for 2.89m shares, including 2.69m (22.013 per cent) owned by it.

BRADSTOCK GROUP PLC Summary of unaudited half year results to 31st March 1989

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UK COMPANY NEWS

Anxieties over the effectiveness of analysis

Philip Coggan on fund managers' dissatisfaction with the quality of equity research

hiving off their research teams.

Most fund managers seem to agree that there are still top-

agree that there are still top-rated analysts producing excel-lent research, which might allow securities groups to con-centrate on their key people. SBC, for example, has dead and

to focus on six industrial sectors where it thinks it has mar-

where it thinks it has market-making strength and it is trying to build up strong ana-lytical teams in those sectors. Another potential solution is

to build up a reputation for analytical independence and

hope that this will pay off in

the long run. James Capel, for example, recently became bro-

A few highly-rated

by providing long

within brokerage

the right place for

securities houses.

inside the big

for 1988/89.

undoubtedly prosper

term research, either independently or

houses. But perhaps

most analysts is not

ker to Blue Arrow, the employ-ment group, despite the fact that its analysts had marked it as a "sell" for a long period and were at the lowest end of

the range of profits forecasts

voted top of polls on research quality. Nevertheless, that excellence does not necessarily

flow through into profit; Capel lost £32m last year.

Taking a longer-term, detached view may also profit the analyst. The short-term

Canel is the only large house

analysts will

route is ultimately bound to be

unrewarding, since short-term price movements are more sus-

ceptible to rumour than fundamental analysis. "For takeover tips we go to the sharp brokerage salesman rather than an analyst," says Gartmore's Mr

research, it was almost an academic subject," recalls Mr Pete

Deighton, engineering analyst at County NatWest. "We used to do a lot of background work

to do a lot of background work on the industry." A return to those bygone days might prove a successful strategy for some analytical teams; although fund managers used to criticise such reports as frequently too "woolly" to be of much use.

A few highly-rated analysis will undoubtedly prosper by providing such long-term research — whether independently or within brokersee.

dently or within brokerage

So-called "buy side" analysts, working in the invest-ment institutions, already sift

through some of the mountain

of research that arrives from outside and cover those compa-

nies not featured by the securi-

There is no logical reason why such buy side analysts should be any less prominent than their "sell side" (securities).

Bang" in 1975, the number of buy side analysts increased by

11 per cent over the following three years, while the number of sell side analysis fell by 20

Perhaps fund managers will never be satisfied with the

research they receive. They want independent, in-depth

and consistently accurate research, but they do not want to pay for it. But given their dissatisfaction, changes in the current system appear inevitable.

ties house) counterparts.

ties house teams.

the past year and many institu-tional fund managers say they are not satisfied with the ser-

nds

de

n

when they are receiving.

"Fund managers all claim that they're not getting what they truly want, a thorough understanding of sectors and companies, and a thorough understanding of the factors. understanding of the factors that affect them," says Mr Rus-sell Leiman, chief executive of CL-Alexanders Laing & Cruickshank's institutional equity

Some analysts have already lost jobs when financial services groups have pulled out of market making. And given the cost of maintaining research teams, a substantial shake-out of analytical staff appears inevitable. In the US, a Nelson Publishing and the property of the property o lications survey revealed that the number of analysis fell by

12 per cent last year. Equity market analysis has been a growth industry since the 1960s when valuation measures such as price/earnings ratios first became fashionable. When the City geared up for Big Bang, it was assumed that any broker or securities house worth its salt needed a fully-statled research team.

research output for a month,"
says Mr Barry Aling, managing
director of SBC stockbroking,
"and a fund manager would
have difficulty in reading it." Some deterioration in the quality of research may be explained by the pressures on explained by the pressures on individual analysts, particularly those working for houses with market making positions. Profits can be boosted by an analyst who makes the right stock selection; and losses can be created by an analyst who puts out a sell recommendation on a stock which the market. tion on a stock which the market-makers have accumulated.

The investment institutions

are only too aware of the new pressures on analysts and are pressures on analysis and are grandy research is separation of suffering quite severely," Wood talking the book analysis believes one leading fund man-which thinging a stock which is prominager and according to Mr Scott the expert in their firm's market of Sartmore, secund-rate peo-"The quality of research has deteriorated," says Mr Graeme Knox of Scottish Amicable,

Some houses are clearly pushing their stock positions."

Adds Mr. Neil Honeybun at Robert Fleming Investment Managament: "Sometimes you don't know whether the story or the line of stock came first."
"Talking the book" is not the only danger for analysts working for an integrated house. Trading volume, especially in the lacklustre post-crash stock markets, is the lifeblood of securities groups and analysts are expected to play their part

in generating busin

) Pil

HYSICIAN, heal (or rather analyse) thyself.

UK equity researchers are due for a bout of navel-gazenne in four company directors one in four company directors

That encourages analysts to make frequent short-term recommendations, which will analysts who are bearish on a prompt buying and selling of stock. "People are focusing more and more on short-term ideas rather than being will get the message. Phone calls also allow analysts to ideas rather than being allowed to take a long-term

view, believes Mr Peter Scott of Gartmore Fund Managers. This short-term fixation cre-ates a tendency to concentrate excessively on forthcoming results announcements. But, according to SBC's Mr Aling-"Less and less value is being given by fund managers to ever more precise forecasts upcoming interim figures."

'Talking the book' is not the only danger markets, is the lifeblood of securities groups. Analysts are expected to help in generating business.

Often the only way an analyst can achieve a precise fore-cast of a result is to be guided by the finance director of the company concerned. Even The result has been quantity not quality. Many houses have persisted in providing across the board analytical services despite the fact that much of their research material remains ignored.

"Just take one broker's research output for a month."

"Tust take one broker's research output for a month." bunching of forecasts round the company's own estimate and a series of research notes

that repeat each other.
March 1989's Earnings
Guide, which collects analysis' forecasts for corporate profits, shows that for 59 of the FT-SE 100 stocks, ail of the profits estimates are within a narrow 10 per cent range. And for 40 Footsie stocks, a third or more of all analysts estimate exactly the same profits figure.

he need for forecasts

that generate turnover has also caused analysis to concentrate on the larger "blue chip" stocks where money can be made. Coverage of smaller company stocks is

often quietly dropped.
"Small company research is

However, many fund managers would prefer improved small company analysis to yet another note on ICI from the 20th ranked analyst in the sec-tor. At the moment, they have to fill the gaps by using their in-house analytical teams. A further conflict of interest

faces analysts covering compa-nies which are corporate finance clients. "Too many analysts are simply mouth-pieces for the companies they cover," says Fleming's Mr Honeybun. But the analyst is in a difficult position — a sell recommendation is not likely to be appreciated by the corpo-

adopt a negative tone about a client, without the glaring pub-licity of a written note. "There's a lot of difference

between what's said and what's written," admits one prominent analyst.

Analysts are also used fre-Analysis are also used frequently as the standard-bearers for other departments. If a securities house is advising an acquisition-hungry conglomerate, the analysis may well be best placed to decide which companies are the most likely bid targets in the chosen sec-

Also, because analysts have access to company chairmen and finance directors, they may well be used by their houses as the front men when pitching for corporate finance business. Such work obviously reduces the amount of time reduces the amount of time they can devote to pure research and blurs the distinc-tion between analysts and

Short-term tipsters, financial services salesmen...is there any way that analysts can return to doing pure analysis? One obvious route is to hecome independent, providing research in an atmosphere free from the constraints of corporate finance and market-mak-

ing.
Mr Stephen Lewis, the gilts Mr Stephen Lewis, the gilts that has refrained from and economics analyst, has left involvement in market-making Phillips & Drew to establish and it has consistently been Fifth Horseman Publications, which offers clients a weekly review of the international bond and currency markets. He believes that in five years almost every analyst will be independent. "Securities houses will be under extra

financial pressure and they will have to sub-contract their services to reduce costs," he says.
Already, there are signs that others are following Lewis' lead. Mr Stuart Wamsley, a leading chemicals analyst, has lead. Mr Stuart Wamsley, a leading chemicals analyst, has left Morgan Stanley to offer an independent service.

But independent research groups may find the going hard. There is little tradition in the UK of institutions paying separately for research -Wood Mackenzie's oil service, which does charge, has been the exception rather than the

analysts are welcome," says one fund manager, "but it will probably be difficult to get people to pay for research in hard cash." "Research boutiques will arrive later, rather than sooner," argues Scottish Amicable's Mr Knox.

The evidence of the New York Stock Evohance's May.

York Stock Exchange's May-day reforms in 1975 is that the "boutiques" found it hard to compete with the research coverage provided by the larger

However, the position is not entirely gloomy. There are other strategies which securi-ties houses can follow, short of

General Mining Union Corporation Limited

(Incorporated in the Republic of South Africa)
(Resistration number 01/01232/06)

TERMS OF THE RIGHTS OFFER

(a) the ordinary shareholders of Gencor approving at a general meeting to be held today, the:-

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Shareholders and debentureholders of Gencor will be advised of the effective date of the sub-division, which date will be after the close of the rights offer, at the appropriate time through the medium of the press. Circulars concerning the sub-divisions are in the process of preparation and will be mailed to shareholders and debentureholders in due course.

Senbank Central Merchant Bank Limited

Hobson profits cut to £708,000

AS FORECAST in March, taxable profits of Hobson, the acquisitive USM-quoted exporting, commodity trading and aluminum fabrication group. showed a sharp downturn in the year to the end of March

> News international pic USdol 150,000,000 8%% bonds due 1991 Convertible Into USdol 150,000,000 guaranteed floating rate notes due 1991

For the period from June 20, 1989 to September 20, 1989 the notes will carry an interest rate of 812% per annum with an interest amount of USdol 247.57 per USdol 10,000 note.

Benoue Paribes Luxembourg

On turnover of £17.47m (£15.18m), profits almost halved to £708,000 (£1.4m), after an exceptional charge of £99,000 relating to the early termination of the service contract of frame director Mr. Stanberg finance director Mr Stephen

Directors said that the anticipated decline in African trade had a significant impact on the latter part of the year, although this was mitigated by the increasing contribution from Hobson's UK manufactur-

ing base.
During the year, manufacturing operations contributed £405,000 to the pre-tax total, against £55,000 in the previous 12 months.

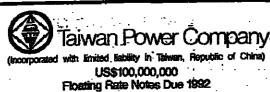
Tax took £241,600 (£478,000), leaving earnings per 5p share of 1.29p (2.69p). A recom-mended final dividend of 0.5p makes 0.75p (0.5p) for the

Ryan Hotels up at I£0.36m

RYAN HOTELS has button came from Le Belson announced a pre-tax profit of Hotel in Brussels as well as the ESSS,000 for the half year to Irish hotels. The company is April 27 1989, an improvement of £527,000 on the same period last year, when the group reported a loss of £169,000. The Dublin-based hotel chain also achieved an increase in turnover, up from £5.91m to.

expecting strong growth in profitability for the year as a whole as demand is strong in both home and overseas mar-

The directors have declared an interim dividend of 0.5p net The increased profit contri- as last year.



Holders of Floating Rate Notes of the above issue are hereby notified that for the next interest period from June 28, 1989 to December 20, 1989 the following intormation is relevant:

1. Applicable interest rate: 9.625 per annum 2' interest payable on next interest US\$489.27 per US\$10,000.00 nominal or US\$12,231.77

per US\$250,000.00 nominal Next interest payment date:

Reference Agent BA Asia Limited

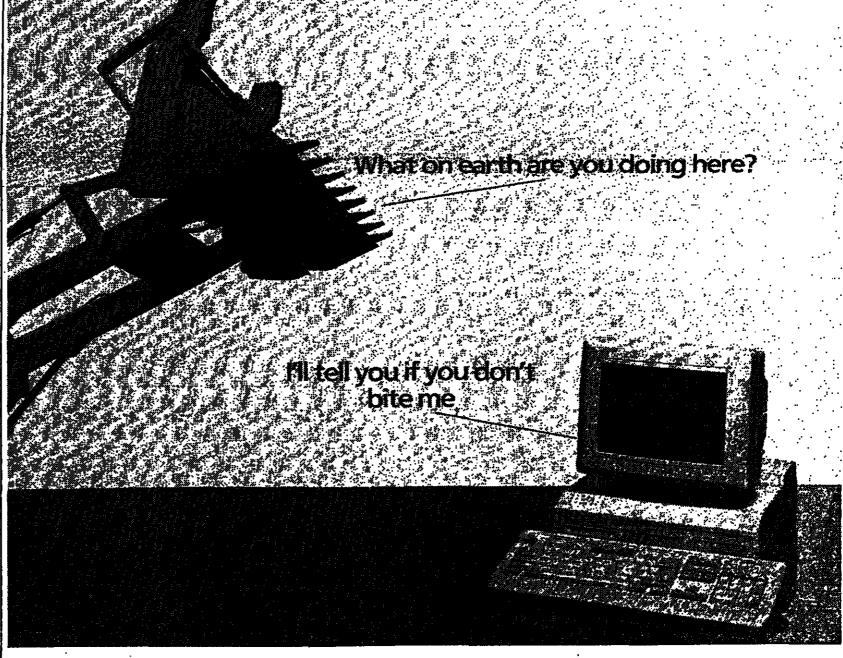
June 20, 1989.

NOTICE OF INTEREST BATE To the Holders of International Bank for Reconstruction and

Development

el U.S. Doller Floating Rate Not of 1985 In accordance with the provis the Notes, notice is hereby given that the above Notes will bear interest for the period from June 15, 1989 to and including September 14, 1989 at a rate per annum of 8.801% payable on September 15, 1989 in the amount of 2522.46 in respect of each \$10,000 principal amount of Notes and \$5,561.48 in respect of each \$250,000 principal

MORCAN GUARANTY TRUST COMPANY Dated: June 20, 1989



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For copies of our recently published Group brochure, and our current Report & Accounts, please write to Douglas Stormont, Powell Duffryn plc, Powell Duffryn House, London Road, Bracknell, Berkshire RG12 2AQ, or telephone 0344 53101.



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London EC4V 4DE 20th June, 1989

COMPANY NOTICES

HERON INTERNATIONAL FINANCE B.V. Issue of up to US\$150,000.000 Guaranteed Floating Rate Notes due 1993

NOTICE IS MERGBY GIVEN that for the interest penied commencing on 21st June 1993 the US deliber notes will be use referent the rate of 37%5 per unimm. The interest poyable on 21st December 1999 against cupon No. 6 will be US\$49.244792 per US\$1.000 prominal.

Fiscal Agent ORION ROYAL BANK LIMITED

DIMOSIA EPIHIRISIS ELEKTRISMOU (Public Power Corporation) ECU Denominated Floating Rate

Notice is hereby given that for the inter-Notice is heavily green that for the interest period commonance on 21 st June, 1989 the Notes well best interest at the rate of 9%-5% per annum. The interest payable on 21 st Septomber, 1989 against coupon No. 12 will be ECU24.4375 per ECU1,000 montant. CARDA ROYAL BANK LIMITED

6th July 1989 For a full editorial synopsis and dvertisement details, please contact Jeanna Dawson
Jeanna Dawson
on 91-873 3269
or write to her at;
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PROPERTY INVESTMENT & FINANCE

FINANCIAL TIMES

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AMI AMI BONDHOLDERS AMERICAN MEDICAL INTERNATIONAL N.V.

Holders of the Zero Coupon Guaranteed Bonds

THE OFFER

American Medical International N.V. on behalf of its parent company American Medical International Inc. has amounted an offer to purchase, under a Dutch metion procedure, its Zero Coupon Guaranteed Bonds due 2002 or, alternatively, to make a cash payment.

Under the proposal each bondholder who votes bonds in favour of certain amendments to the Indenture under which the bonds were issued, will have the following options:

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- you may tender your bonds for purchase at a higher price determined by

Bonds purchased or cash payments made will be in accending order of prices requested by the holders, up to the amount necessary to ensure approval of the indenture amendments. The indenture amendments will delete the financial covenants applicable to the Bonds. Acceptance of any offers is conditional on approval of the indenture amendments, and if the indenture amendments are approved, all offers at the base price will be accepted.

Forms for voting and to make offers (the information Statement and Proxy and Tender Form) are available from the following addresses:

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Tel: (London) 01-929 5252 Ext 2259

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London EC2R 7AE New York
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THE OFFER WILL EXPIRE AT 10.00am LONDON TIME ON FRIDAY JUNE 23 1989* THE TIME AND DATE APPOINTED FOR THE BONDHOLDERS MEETING TO CONSIDER THE INDENTURE AMENDMENTS.

Unicss extended by the issuer.

UK COMPANY NEWS

Erskine House rises 63% boosted by acquisitions

ERSKINE HOUSE Group, the facsimile and photocopier machines distributor, increased 1988-89 pre-tax profits by 63 per cent to £15.1m, helped by acquisitions in the year to March 31 worth more than 590m.

Mr Brian McGillivray, chairman, said profits at existing businesses had grown about 20 per cent. In 1987-88, Erskine made £9.24m before tax.

made 19-24m before tax.
Turnover was up from £103m
to £166m and fully-diluted
earnings per share rose to 22.8p
(19.3p). A final dividend of
4.35p is recommended, making 6.25p (5.2p) for the

Mr McGillivray said there might be some small acquisi-tions during 1989-90, but the group was unlikely to issue any more shares in the current economic climate.

"Right now we are going to concentrate on getting better results out of the operations we have got - but there is still a list of acquisition prospects, and considerable opportunity to consolidate further in the

industry," he said. More energy was being devoted to developing national accounts – it already supplies Halifax Building Society with copiers nationwide – and improving margins from 9 per cent to a target of about 15 per

In the longer term, he said the group would look to expand into new areas in the US, including Chicago and New York, Erskine would also add to its West German operations, bought last

year. In 1988-89, US profits grew from 23.23m to 25.47m before tax on turnover of £86.67m (£36.04m), and European profits increased to £9.63m (£6.01m) on turnover higher at £99.44m,

tunives inglier at 255.44m, against 256.54m.

The company made an extraordinary profit of £1.68m (£379,000 debit) on the sale of its pest control activities. Since the year-end Erskine has sold its fire security systems subsid-iary, and will now focus on the fax and copier leasing and dis-tribution business.

• COMMENT

Erskine House looks like givgroup has moved compara-

ing followers a chance to catch their breath in 1989-90. The tively quietly into the new financial year and will probably grow organically rather than by acquisition. Perhaps the only excitement in prospect is the sale of Quest's Soviet Union business, which could pep up the shares in the short-term. The possibility of higher interest rates worries some observers, concerned that businesses may stop buying expensive new photocopiers, but if the worst comes to the worst Erskine's operations are shored up by the service side, which contributes about 60 per cent of profits. These results were roughly in line with expectations and the shares moved ahead by 2p to 216p, having slipped back from a high of 242p last month. They look solid on a prospective look solid on a prospective multiple of about 8, with analysts forecasting about £21m or £22m before tax this year.

Sterling Publishing rises 69%

STERLING PUBLISHING Group, the USM-quoted trade technical publisher, reported a 69 per cent increase in pre-tax profits for the year to March 31.

On turnover up 44 per cent to £17.64m the taxable result was £2.91m (£1.72m). Mr Ronald Cohen, chairman, said that the increase was due to a num-ber of factors. Savings had been made through the use of overseas printing and des-patch; a further 12 independent titles had been introduced and the publishing of less profit-

able titles had been dropped; and there had been further increases in average page

The reference book side performed outstandingly, said the company, with confirmed orders to March 31 up 46 per cent on last time. Turnover from reference books jumped from £10.68m to £15.61m. Slimmer magazine and Debrett's Peerage, both acquired in the period as part of that strategy, made no material contribution to profits, although the com-pany said the longer-term pros-

pects for Debrett's were very promising Cornhill Publications

acquired in November 1987 had an excellent year, Mr Cohen said, contributing £1.14m in pre-tax profits. ReActions Group had recovered well after the 1987 crash, though results at Concorde Services and SF Publications had been disappointing.

Earnings were up to 10.25p (7.34p) per share and, in line with that increase, the directors have proposed lifting the dividend from 3.3p to 4.5p.

TR Technology ahead

TR TECHNOLOGY achieved a 20.7 per cent increase in total net assets for the period May 6 1988 to April 30 1989, a performance ahead of other AITC Technology Trusts, which showed an average increase of 0.5 per cent over the

At April 30, the net asset value attributable to the three classes of share capital was:

shares 112.1p; stepped preference shares 104.9p; ordinary shares 151.7p. All three classes were valued at 100.00p on May

6 1988. The directors have declar ed a dividend of 2.5p on the stepped preference share and recommended 1.5p on the ordinary shares, 7 per cent ahead of the forecast at the time of capital reconstruction in May

World of Leather in £4m deal

World of Leather, the retailer of upholstered leather furni-ture, has conditionally agreed to buy seven leasehold premises, and certain other related assets from Lockton Retail Stores, for a total of £4.25m

The purchase, which will increase the company's retail outlets to 31, will be financed through a £3.5m bank loan facility. The balance, of approx-imately £750,000, will be found from the company's cash

Mr Ramon Benardout, World of Leather's chairman, said the acquisition represented a strategic step in the comp development, and would fur-ther strengthen and expand the company as leader in the specialist leather furniture

In 1988 World of Leather reported pre-tax profits of 22.08m (2750,000) on turnover

retailing market.

Hewetson more than doubles to £1.82m in year

Hewetson, the USM-quoted manufacturer, supplier and installer of raised access and hardwood floors, reported pre-tax profits more than doubled from 2779,000 to £1.82m for the year to March 31. The directors said that Ben-

nett Windows had increased its turnover and profit and etration. Steps were currently being taken to acquire addi-tional production and storage

space, so as to increase manu-facturing capacity.

The results show that margins have improved from 6.42 to 8.46 per cent. Turnover was £24.73m (£14.5m) while the operating profit had risen from 2931,000 to £2.09m. Interest paid was £271,000 (£152,000) and tax took 2641,000 (£275,000) leaving earnings at 13.54p (8.13p) undiluted and 12.31p (7.907p) fully diluted. The dividend goes up from 3p to 3.85p with a proposed final of 2.6p (2p).

MTS family saga continues

THE FAMILY saga at Meat Trade Suppliers, which pro-vides sausage casing and butchers' sundries such as knives and wrapping paper, will continue at least until July 7.

A packed extraordinary general meeting on Friday in a cramped top-floor office in the heart of Smithfield agreed to defer until then the proposed removal as a director of the company's 83-year-old founder,

Mr William Anstis.
Mr Campbell Allan chaired the meeting on behalf of his wife, Mrs Samantha Allan, who

is also Mr Anstis's daughter.
She replaced her father as chairman in November.
The Allan camp, backed by M&G, Britain's biggest unit trust group and a 16.5 per cent shareholder in MTS, has indicated that it may be a shareholder in the shareholder in the state of the shareholder in the shareholder cated that it supports the development of company-con-

trolled properties, in particu-lar, the sausage casing factory. Mr Anstis has opposed this. Mr Richard Hughes, an M&G representative who seconded Mr Allan's motion to delay the vote on removal, said afterwards that his group was pre-pared to wait three weeks to reach an amicable settlement with Mr Anstis - most likely his resignation instead of removal. But should an agree-ment not be reached: "We've

What remains unclear is the status of an 18 per cent block

made our position clear," he

of shares held in a trust for the Anstis grandchildren. Trustees include Mrs Allan and her father. Neither camp would comment on legal wrangling over which side has the right to vote the stake. If the trust can be voted for the Anstis faction, it is not certain if the Allan camp has sufficient sup-port to outvote Mr Anstis and his three other children.

For his part, Mr Allan indi-cated during the shareholders' meeting that he was pressing to resolve the dispute without a vote. "It's in the better interest of the company," he said.
But amicable relationships may prove easier to talk about than to enact - the sole dissenting vote to the motion for a three-week delay came from

Mr Anstis, who then promptly retreated to a closed office to discuss strategy with his attorneys and other children.

Reject Shop rises 33% but warns of 'dismal' first half

By Vanessa Houlder

THE REJECT Shop, the household goods retailer which joined the USM last June, yesterday announced a 33 per cent rise in pre-tax profits from £1.1m to £1.46m for the year to March 19.

Mr Anthony Hawser, joint managing director, warned that the group expected a "particularly dismal" first half, which would see a downturn in profits. Trading so far has been weak, due to the effects of high interest rates exacerbated by hot weather and underground

strikes.

High interest rates had a particularly adverse effect on furniture sales, through the combined effects of depressing consumer spending and reducing house purchases, he said.

Last December, the company also company arms a remainer that its Last December, the company also gave a warning that its second half results would be affected by the consumer squeeze. In the event, trading was "reasonably good" over the Christmas period and second half profits advanced 18 ner cent to 21.23m

The company to the company said that the company said that cent to £1.23m

Mr Hawser said that, given the uncertainty, the company was confident that it could be among the better performers. It had prepared for tough trading conditions by maintaining a conservative stock position and had been able to extract improved terms from suppliers, he said. Aggressive pricing and promotions had enabled the group to increase sales in cer-

tain areas, such as uphoistery. Turnover increased 25 per cent to £16.26m (£13.02m). Interest received amounted to



Anthony Hawser: furniture sales hit by interest rates.

£73,000, compared with charges of £62,000 last year.

During the year stores were opened in Croydon and Guild-ford. The scheduled opening of its sixteenth store at White-leys, Bayswater, has been post-poned from May to the end of July as a result of problems experienced by the developers

The company said that con-tracts should shortly be exchanged on another major store and other similar units were in course of negotiation.

in 1973 to sell "seconds" goods having tiny defects - at substantial discounts but it has switched to selling "firsts", although it still appeals to price-conscious customers. Earnings per share increased

20 per cent to 9.15p (7.63p). A final dividend of 2.1p is recommended, for a total of 3.15p as indicated at the time of the

Policy change at Melville

MELVILLE STREET Investments, the venture capi-tal company managed by Brit-ish Linen Fund Managers, a subsidiary of the British Linen Bank made investments total-ling £23.66m in the year to April 30, a fall of some 7 per cent on the previous year. Net assets per share at that

date stood at 141p (138p)
Mr George Philip, chairman, said the board had made a significant change in policy to place greater emphasis on pro-

viding finance for management buy-outs and the development

of existing companies.

This was expected to prove more profitable than Melville's former concentration on high-tech and start-up companies. he said, although investment in these areas would continue. Pre-tax profits for the year amounted to £851,580 (£693,311),

while earnings per share rose to 3.4p (2.6p). A proposed final dividend of 2.5p makes 3p (2p) for the year.

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Year ended 31 March 1989

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Extract from the Statement by the

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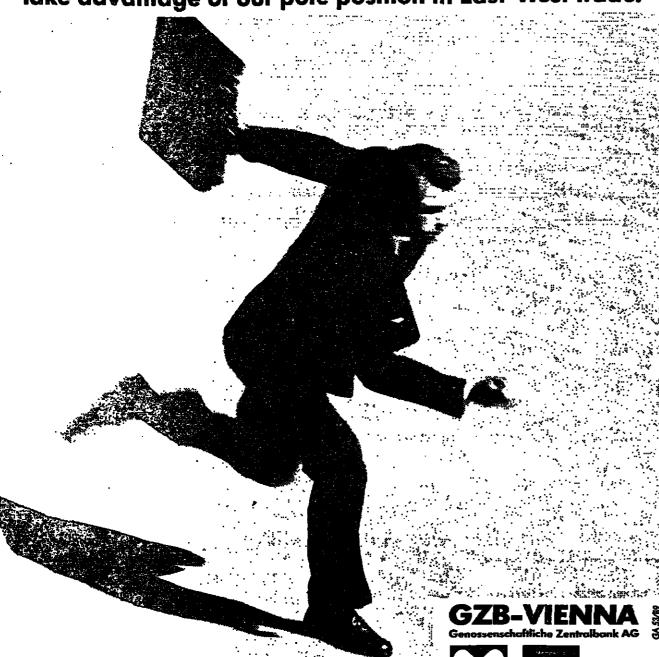
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COMMISSIONERS EX PARTE TC COOMBS & CO Court of Appeal (Lord Justice Parker, Lord Justice Bingham and Lord Justice Taylor): May 26 1989

REGINA V INLAND REVENUE

A TAX inspector's duty not to tion when conducting a tax inquiry should not, in the absence of pending prosecution, prevent him from disclo-sing the basis of his opinion that certain documents con-tain information relevant to the inquiry; and a notice the inquiry; and a notice requiring their production will be quashed on the ground that the opinion is unreasonable if the addressee produces positive evidence which is irreconcilable with its having been reasonable, and the inspector produces no factual evidence to the contrary.

(Lord Justice Bingham dissent-ing) when allowing an appeal by stockbrokers, T.C. Coombs & Co, from Mr Justice Schiemann's decision in the Divi-sional Court, refusing judicial review of a tax inspector's pro-

LORD JUSTICE PARKER said that on April 1 1987 a tax inspector gave Coombs notice under section 20 (3) of the Taxes Management Act 1970, requiring them to deliver client account files on 12 companies, for the purpose of an enquiry into the tax liability of their previous employee, Mr T. P.

The notice was withdrawn, but was replaced by a fresh notice dated January 6 1988. The second notice required production of all client account statements relating to business transactions between 1980 and 1986 in respect of seven compa-nies, including a company called Hereford Securities &

Management SA, and in respect of Mr Ramsden.

The notice was endorsed with the consent of a general

Coombs were given leave to move for judicial review in respect of the notice. Mr Justice Schlemann dismissed the application. Coombs now appealed seeking an order that the notice be quashed in respect of all the companies

basis for production notice complied with the notice in

respect of Hereford The tax inspector's power under section 20(3) was very wide. It was a power, for the purpose of enquiring into a taxpayer's liability, to require another person to deliver or make available documents which in the inspector's "rea-sonable opinion," might con-tain relevant information.

A notice was not to be given by an inspector except with the consent of a general or special commissioner. The commissioner was to give consent only if satisfied that the inspector was justified in proceeding under section 20.
The commissioner and the

inspector would have signed declarations pursuant to secundertakings not to disclose information received in the course of their duties. Coombs had obtained Mr Ramsden's consent to provide the Revenue with all information relating to his affairs, and as far as they his affairs, and as far as they were aware, they had done so. They had also provided, with the client's consent, all documents relating to Hereford. Securities — although they contended they were not obliged to do so.

The six companies named in the second notice other than Hereford were Coombs's clients, but so far as they were

ents, but so far as they were aware, were not clients of Mr Ramsden and had no connec-tion with him. Mr Ramsden deposed that none of those accounts had ever been dealt with through him. Affidavit evidence was given by direc-tors of those companies that Mr Ramsden had never had

any dealings with them.

The Crown did not accept that Coombs had disclosed all documents relating to Here-ford, and did not accept the evidence that the six compa-nies had nothing to do with Mr

As to Hereford, that was a pure question of fact, and there was no evidence whatever to contradict Coombe's evidence. As to the six companies there was evidence from the inspec-tor that he held the relevant opinion. He said he was unable to accept the evidence of the ntatives of the six companies, but did not say why. Neither the Crown nor the

court had any information or evidence as to the basis of the inspector's opinion. There was nothing to show that what prompted the request in respect of the six companies was confidential information.

FT LAW REPORTS

Tax inspector should disclose

The Crown contended it was not obliged to give reasons, that no adverse inference could be drawn if it failed to do so, and that no challenge could succeed unless the recipient of a notice could satisfy the court that no inspector could have formed the reasonable opinion

The Crown placed great reliance on Rossminster [1980] AC 952,1013, which concerned the entitlement to enter and search premises if there was reasonable ground to suspect tax fraud, to obtain evidence for criminal proceedings. The Revenue had refused to disclose its reasonable prounds. claiming reasonable grounds, claiming

Lord Wilberforce said "it would generally be wrong to require disclosure in a civil case of anything which might be material in a pending prose-cution; but after a verdict has been given or it has been decided to take no proceedings there is not the same need for secrecy." Lord Diplock said the public interest in immunity from disclosure was in general temporary in nature.

At page 1,013 he said that the presumption that the officer acted intra vires could only be displaced by "evidence of facts which cannot be reconciled with there having been reasonable cause for his belief that the documents might be required as evidence . . . " There were three public interests involved: (a) the tempo-rary public interest in non-dis-closure of information pending a prosecution; (b) protection of the public from unwarranted interference with use or enjoy-. ment of property; and the administration of justice.

The third public interest in the administration of justice was clearly present, but the case differed from Rossminster where the protection from giving reasons was both obvious and temporary and where there was conflicting factual

tainly established a *prima facie* case that the inspector could not have formed the reasonable opinion required.

Even without the support of any inference from the failure to give reasons, the evidence stated facts which could not be reconciled with the inspector's having had the required reasonable opinion. An inference

could, however, be drawn. The Crown had declined to give reasons. It had not sought give reasons. It had not sought leave to cross-examine Coombs's affidavit evidence. It had not given any evidence as to the basis on which it was contended that Coombs was

subject to section 20(3).

The court was faced with a blank wall which impeded the administration of justice. administration of Justice.
Unless it had access to the evidence it could not carry out its function to see whether any inspector could reasonably have formed the required opinion. In the case of a pending reasonation, and conflicting on. In the case of a pending prosecution and conflicting evidence of fact it might tem-porarily be prevented from doing so. In the present case it

doing so. in the present case it was not so prevented.

The appeal should be allowed and the second notice quashed in so far as it related to the six companies. In rela-tion to Hereford it was declared that Coombs had complied with the notice.

LORD JUSTICE BINGHAM dissenting, apart from on the Hereford point, said the onus was on the applicant for judicial review. It made it very hard for Coombs to show that the inspector's opinion must have been unreasonable when a responsible commissioner who saw the material on which the inspector relied plainly considered it to be reasonable

LORD JUSTICE TAYLOR concurring with Lord Justice Par-ker said that Coombs had made out a positive case that the inspector's opinion was not reasonable. In the absence of any evidence in rebuttal, their appeal should be allowed.

QC and Edward Bailey (Edwin Coe).

For the Crown: Philip Vallance QC (Inland Revenue solicitor). **Rachel Davies**

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TECHNOLOGY

News smuggled out | of China with high-tech help

he modern communica-tions network in China, which has enabled such graphic reports of the events in Tlauaumen Square, Peking, to be broadcast to the outside world, could also prove a stumbling block to the author-ities in their attempts to stamp out the pro-democracy

movement.
That network is enabling eye-witness reports to be sent out of the country; and it is relaying into the People's Republic vital information about what has harmoned. about what has happened — in suite of the severe restrictions

news.

In particular, the growth in the number of facsimile (fax) machines and personal computers (PCs) has facilitated the flow of information, says Saiman Hui, managing director of international Data Corporation (IDC) China, which is based in Hong Kong. "I think the authorities did not expect that modern equipment could be used to get so much inforthat modern equipment could be used to get so much infor-mation into Chiea," says Hui. "It's hard to tell what the authorities will do now. They need to import foreign equip-ment if they want to continue their modernisation pro-

This influx of uncontrolled information about the crisis has not escaped the attention of the authorities. Just as they are reported to have confis cated sackloads of mail cross-ing the border from Hong Kong, David Nohle, editor of the magazine Computerworld Hong Kong, says that they have begun the more difficult task of identifying and discon-necting fax machines. Would-

necting fax machines. Would-be callers only hear the ring-ing tone, whereas telephone lines were buzzing with mes-sages in the days following the Tianammen Square massacre. Before the clampdown, the rapid increase in sales of high technology equipment to Chi-nese companies and institu-tions, such as schools and uni-versities; over the past five versities, over the past five years had made the exchange of information much easier. Between 1983 and 1987, for example. US companies were licensed to export almost \$7.8bn of computer equipment

However, the penetration of

telephones is still low - there are only 8m in a country with a population of more than 1hn.
Penetration in the large cities,
such as Peking where most of
the reported clashes have
occurred, is higher with about
four telephones for every 100

Compared with the west, the number of PCs and fax machines is also low. IDC China estimates that there are now about 340,000 PCs in the country (compared with an estimated 1.85m in the UK's business sector alone) and about 10,000 fax machines. Five years ago, however, the figures were minimal. The rapid improvement of

involved service providers, such as Cable and Wireless, of the UK, Nynex, of New York, and most of the international telecoms equipment manufac

And there are pockets of se vice with a surprising level of sophistication, as demon-strated to talevision viewers in the US when one news reader reported back from Tiananmen Square using a portable cellular telephone, Jessica Lip-nack, president of the Net-working Institute, of Massa-chusetts, a high technology research and consultance

research and consultancy group, says: "We can drive 75 miles outside Boston and not get that sort of service."

One way of getting information out of China has been through the computer networks installed by international companies. Many of works installed by interna-tional companies. Many of them — particularly in high technology fields — have com-puter links with their private international networks. As many of the China-based employees have field the com-

ccess to those networks. Lipnack says that her company has been shown packages of messages, authored in China, sent out of the country using computer networks put in place by US multinationals. The messages describe in graphic detail the events in Tiananmen Square and the army manoeuvres in Peking.
"If I read some of these to you, they'd just make you shud-

Della Bradshaw

almonella, listaria and now botulism have become part of the everyday English vocabulary because of the recent spate of food poisonings. As a result, both foodstuff and their producers have come under the microscope. under the microscope. Many food manufacturers

believe that they are caught in a vicious circle. With the trend towards healthier eating habits, food companies have bowed to consumer pressure and reduced preservatives in food - sugar and salt, as well as chemical preservatives. The result has been an erosion of the shelf-life of foodstuff.

"Bacon is a good example," says Professor Alan Holmes, director of the British Food Manufacturing Industries Research Association, at Leatherbead. "It used to be fairly salty and have a fair amount of nitrates and nitrites in it. It was transported in an unrefri-gerated lorry, sold from a gro-cer's shop and stored at home in the larder. You couldn't do that with the bacon we get today: It has to treated in almost the same way as raw

The growing public demand for additive-free foods is cou-pled with a continuing change in shopping habits towards buying in bulk from one source. As Anne Nash, of the Institute of Food Research, headquartered in Reading, puts it: "People want to have natural foods, and they still want to shop just once a week".

One way in which food processing companies are respond-ing to the challenge is to look for naturally produced preser-vatives, rather than a string of chemical additives. The bacterium which produces lactic acid is one of the more promising additives for food preserva-tion. Used for centuries to ferment and preserve dairy products, such as yoghurt and cheese, it is also used as an additive to preserve some meats, such as salami.

earch into the substance, carried out by the UK Government's Institute of Food Research, suggests that the micro-organisms which pro-duce lactic acid also produce a variety of microbe killers which could be used more widely. The institute hopes that it will be able to modify these substances to produce derivative compounds which will be more effective at killing a shopping list of microbes. Other traditional acids pro-

duced by fermentation, such as the acetic acid in vinegar, are also being looked at as a way of preserving food. Acetic acid

A testing time for 'natural' foodstuff

Della Bradshaw reports on new techniques for keeping dangerous microbes at bay

is already used as a preserva-tive in bread, for example. Research is continuing into a number of other substances classed as "natural". They include essential oils, such as orange essence and garlic, all of which have anti-microbic of which have anti-microbic properties. However, the problem with all these natural substances is that they have a
strong taste and so are
unlikely to be used in a wide
range of food preparations.

Another way of inhibiting the reproduction of poisonous organisms is through packag-ing methods. Research is being carried out into forms of pres ervation which work by jug-gling the proportions of gases contained within packages. The fresh meat already sold in most supermarkets, for example, is packed in airtight con-tainers in which about 25 per cent of the cocktail of gases is carbon dioxide - compared with less than one per cent in the atmosphere. The high pro-portion of carbon dioxide inhibits the growth of aerobic organisms (which thrive on oxygen), including listeria and salmonella.

More controversial is irradiation, which doses food with radiation (gamma or X-rays) to kill off dangerous organisms. But it has been claimed that, if not properly regulated, the method could be used to clean up contaminated food to put it

back into the marketplace.

The Government has decided that irradiation has an important role to play in combating certain microbes, such as salmonella. And so it is expected to authorise use of the process in the forthcoming Food Bill. In the meantime, identifica-tion of infected food before it leaves the factory is one way of preventing further outbreaks of food poisoning. But because testing is usually done on a production sample, it can over-look killer organisms present in single cans, a particular problem in the case of botu-lism. And as the testing equipment is costly and space-con-suming, many smaller food production companies are reluctant to install it.

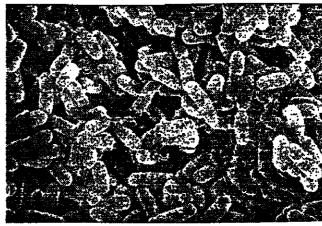
The change in food culture the move towards chilled products, additive free recipes and fast food - has been shadowed by the introduction of rapid food tests, which take only hours to detect dangerous organisms in food, rather than days under the old regimes. A lot of work is also going on to make the tests specific to cer-tain organisms, rather than just doing a general "bug

is the Malthus test, developed by the Government's Torry search Station in Aberdeen and used by food manufacturers and large retailers. It works by softening the food in a liq-uid medium and then inoculating the resultant liquid into a cell. An electrical charge is ed through the liquid and passed through the liquid and the electrical response is mea-sured by computer. From that response, the computer can calculate how many unwanted

organisms are present.
The Malthus test can already isolate salmonella bacteria and it is being developed so that it can identify other organisms, such as listeria. It would do that by changing the liquid (medium) in which the food is

A more sophisticated method of discerning the presence of such organisms involves genetic engineering tech-niques. Test equipment, developed in the US and now entering the UK market, can spot both salmonella and listeria organisms by their DNA, the building blocks of genetic

However the organism which causes botulism — spores of Clostridium Botu-



 Above: Listeria. The original scanning electron micrograph magnified the

Typhimurium. The flagelise have been labelled with gold particles which specific attach themselves to bacteria in the microscope (Transmission electron

linum — is much more difficult to detect. That is because it is anaerobic and so can breed in cans of food with no air present. For that reason, the most common way of inhibiting the deadly organism is to kill it by heating the cans to a suffi-ciently high temperature for a

sufficiently long period.

To do that, companies have to ensure that they have developed a manufacturing process which adheres to the minimum requirements for canned food production. Both food processproduction. Hoth food process-ing companies and the genetic engineers agree that although new types of preservatives and methods of testing are useful in restoring public confidence in the food chain, it is the effi-cient working of the produc-tion cycle that has the most significant bearing on the significant bearing on the safety of processed foods. As a result, the food legisla-

tion being considered by the Government could give trading standards officers the power to enter some establishments and check the production process.

To help manufacturers operate in ways that minimise the risk of food contamination, the Institute of Food Research is compiling a database with information pertaining to the food manufacturing process. The combinations of production times and processing tem-peratures can be quite com-plex. When trying to avoid the



spore causing botulism, example luncheon meat, which is canned with a number of preservatives, does not need to be heated to such a high temperature as preservative-free meats. The high acid content of foods such as fruit or tomatoes also inhibits the spread of the spore.

When the database is released into the commercial environment, companies will be able to feed in their pro-posed process and match it up with approved production methods to ensure that they meet the safety requirements for that type of food. But while the research insti-

tutions are beavering away at finding new preservatives, methods of testing and predic-tive models to help food pro-cessing companies, the food industry may need some per-The Leatherhead centre, for example, has developed a way of detecting whether a packaged meat sample, displayed

on the supermarket shelf, is safe to eat. It does this by measuring the amount of organism-produced hydrogen pass-ing through the packaging the more hydrogen the more organisms are present. But says Holmes, no commercial organisations have shown any interest in purchasing the tool "They prefer to rely on the sell by dates."

A 'pipe' that eases breathing problems

By Paul Godden

A PORTABLE device for people suffering from lung complaints, such as bronchitis and asthma, has been developed by VarioRaw Percutive SA, of Aubonne in Switzerland. The Flutter VRP1 improves pulmonary ventilation and eases expectoration through a series of positive air pressure pulses, which are generated as the patient exhales into the mouthpiece.

Although the technique is well proven, patients have previously had to use a face mask or a method involving a vessel of water. The more traditional systems are active and supply artificial back-pressure, the

new one is passive.

The Flutter, which is 10 cm by 4 cm and weighs 100 grams, looks like a short, plastic tobacco pipe with a perforated cover. Its contains a stainless steel ball which sits in a cone in the pipe's bowl. When the patient exhales, the breath is momentarily blocked by the ball, causing pressure to build up in the bronchial system.

As the patient continues to breathe out, the ball rises and ets the breath escape for a few milliseconds. The ball then drops back into its cone and supplies a further pressure pulse. Continued exhalation causes the ball to oscillate, which provides a regular train of sinusoidal pressure pulses.

director of VarioRaw, says that this sinusoidal pattern is crucial. He claims that some systems supply sharp pulses which could be harmful.

The Flutter has been tested on more than 1,000 patients. Their acceptance of the Flutter has been high, with the major-ity stating that it has helped with expectoration.
One series of clinical trials,

conducted by the Cantonal University Hospital in Lau-sanne and the Vaudoise Cantonal School of Physiotherapy, involved patients suffering from cystic fibrosis. They showed an increase in expira-tory flow rate after only one

Companies from Britain and Sweden have shown an interest in making and marketing the Flutter.

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Bonds should be presented for repayment to Lloyds Bank Pic, Branches Stock Office, Coupons Department, 34 Threadneedle Street, London EC2P &AX, and must bear all coupons subse-quent to 1st July, 1989.

COMPANY NOTICES



Following the DIVIDEND DECLARATION by the Company on 13 April 1989 NOTICE is now given that the following DISTRIBUTION will become payable on or after 16 June 1989.

Gross Distribution per Unit

3.75 cents 0.56 cents

Less 15% U.S.A. Withholding Tax

3.19 cents Converted at \$1.515 20.021039604

Claims should be lodged with the DEPOSITARY: National Westminster Bank PLC, Stock Office Services, Second Floor, 20 Old Broad Street, London EC2, on special forms obtainable from that Office.

United Kingdom Banks and Members of the Stock Exchange should mark payment of the dividend in the appropriate square on the reverse of the certificate. All other claimants must complete the special form and present this at the above address together with the certificate(s) for marking by the National Westminster Bank PLC. Postal applications cannot be accepted.

DATE: 20 June 1989.

GENERAL MOTORS CORPORATION

Further to the DIVIDEND DECLARATION OF 1st June 1989 NOTICE is now given that the following distribution will become payable on and after 15 June 1989 against presentation to the Depositary (as below) of

Claim Forms listings Bearer Depositary Receipts. GROSS DISTRIBUTION 7.50 CENTS LESS 15% US WITHHOLDING TAX 1.125 CENTS

6.375 CENTS PER UNIT CONVERTED at 1.5775 = 4.04120 PENCE PER UNIT

Stock Exchange Services Department

54 Lombard Street, London EC3P 3AH

CITY OF LIMA (THE HONOURABLE **COUNCIL OF LIMA)**

Barclays Bank PLC

that under the Sinking Fund arrangements of the above loan all bonds in issue are called for repayment on 1st July 1989 after which date all interest thereon

MOTICE, OF EXTRAOR

NOTICE IS HEREBY GIVEN that an Extraordi-nary General Meeting of the Company with be held at No.5 Baler Street, London Wild IDA, on Friday 30th June 1989 at 11.00 a.m. to consider, an if thought fit, pass the follow-ing resolutions which will be proposed as Ordinary Resolutions:

RESCULTION 2
"That Medam from Kuok be and is hereby appointed a Director of the Company."

By Order of the Board K.K. Panicker Secretary

Broseley House Newlands Drive, Withorn Essex CM6 2UL ENGLAND 9th June 1989

JTES

A member entitied to attend and vote at
the meeting is entitled to appoint one or
more prostee to attend and vote instead
of him. A proxy need not also be a member of the Company.

The instrument appointing a praxy must be lodged at the Registered Office of the Company at Broseley House, Newlands Drive, Witham, Essex CMS 2UL, not less than forty eight hours before the time appointed for the holding of the meeting or adjourned meeting.

ART GALLERIES LEGERT3, Old Stond SLW1,01-628 3536 BRITISH PARNTING, Mon-fri 9:30-5:30. CRAME KALMAN GALLERY "A selection of paintings" (at affordable prices) by English, Pretch, Dack and Spanish artists of merit until challenged of July 88, 178 Prosppon Houd, Lendon SW3, 01-684 7366/3834, Dally 10-6 Sat 10-4.

EUROPEAN CAPITAL **MARKETS**

The Financial Times proposes to publish

this survey on: 3rd July 1989

For a full editorial synopsis and advertisement details, please contact:

Gillian King or Chris Schaanning on 01-873 4823/3428

or write to them at:

Number One Southwark Bridge London SEI 9HL

FINANCIAL TIMES

Shell Centre London SE1 7NA

By Order of the Board V.A. Wadham Company Secretary

THE "SHELL"
TRANSPORT AND
TRADING

COMPANY, p.l.c.

Notice is hereby given that a balance of the Register will be struck on Tuesday, 4th July, 1989 for the preparation of the half-yearly dividend payable on the SECOND PREFERENCE SHARES for the six months ending 31st July, 1989. The dividend will be paid on 1st August, 1989.

For Transferees to receive this dividend, their transfers must be lodged with the Company's Registrar, Lloyds Bank Ple, Registrar's Department, Goring-by-Sea, Worthing, Sussex, not later than 3.00 p.m. on Tuesday, 4th July, 1989.

China forced to import steam coal | Mounting

By Gerard McCloskey

CHINA, ONCE tipped as the next great coal exporter, is coal. The first of 10 shipments in a large contract for South African coal was unloaded in the southern province of Guangdong last week.

Guangdong, like many of China's provinces, is critically short of coal and has already instituted a programme of rolling blackouts. The China Coal Import Export Corpora tion insists that no Chinese company is involved in purchasing South African coal. In fact the coal is being imported through a Guangdong trading house located in Hong Kong. It is being shipped through the Mozambican port of Maputo.

The steam coal import have come as a great surprise to many in the international coal industry. Although the CCIEC

wishes either to deny or wash its hands of the Guangdong business, it last week admitted that imports would be needed from the end of this year. Rongbin Hu of the CCIEC Brussels-based company, Sineuro, said at an international conference in Cartagena, Colombia, that 500,000 tonnes would be required annually.

Imports will be confined to provinces which have both the long-term need and the wherewithal to purchase the coal This effectively limits potential purchasers to provinces host-ing special economic zones. Most attention has been focussed on Shanghai and Guangdong both because of their relative wealth and ecause of their access to large China's difficulties as a sup-

plier have long been portrayed as problems of infrastructure.

And this, so apologists explained, would be solved once the 100m tonnes-a-year railway from Datong in Shanxi province to the large coal terminal at Qinhuangdao comes into operation. (Shanxi produced nearly a quarter of China's 1988 production of 980m tonnes). The line is now in place but sufficient new rolling stock will not be available for another five years. But it is becoming clear that an efficient railroad will only reveal a widening supply short-

In two crucial provinces -in Shanxi and in Guizbou in the south west of China - the size of the problem is already clear. In Shanxi, production from the small township and ponsible for the bulk of the expansion of China's output until last year, is ceasing to

rise. Output growth which had run at 20 per cent until last year has stuttered to a halt Provincial Governor Wang Seng Hao has warned that exhaustion of shallow seams was making production more expensive, that costs were rising and that mines were suffering from a shortage of labour. He added that output growth throughout China would dwin-dle to zero within two years. In Guizhou, a major exporter

of coal to neighbouring prov-inces, the situation is equally critical. Demand on the Guizhou mines from the con-struction of power plant within the province is set to double to 63m tonnes by 1995. But a lack of investment has meant that, instead of rising to meet this instead of rising to meet this demand, production is on the way down. This year it is expected to fall below 30m

rose from 16 per cent to 25 per

The pattern of gas produc-tion has also changed dramat-ically. In 1971, Iran was the largest exporter of gas in the

developing world, contributing

4.3m tonnes, oil equivalent.

supply concern lifts copper By Kenneth Gooding,

Mining Correspondent

THE PRICE of copper surged on the London Metal Exchange yesterday after traders and consumers digested news from around the world about further interruptions to supplies.

Gecamines (Generale des

Carrieres et des Mines) the Carrieres et des Mines) the state-owned Zairian group, declared force majeure on its copper products refined in Belgium by Metallurgie Hoboken-Overpelt (MHO).

It became clear that the situation at Bougainville Copper, in Papua New Guinea, had worsened over the weekend because of further violent attacks by rebel landowners.

attacks by rebel landowners.

The threat of further supply interruptions in North Amer ica became more pronounced when employees at Noranda's copper facilities in Montreal, Canada, late last Thursday rejected the company's "final offer" for a new three-year

Negotiations about a new labour contract at Magma Cop-

about contract at magma copper in the US are also not going well.

The LME revealed yesterday its copper stocks had fallen by more than 50,000 tonnes in the past month after a decline of 11,500 tonnes last week to 84,850 tonnes. 84,850 tonnes.

Gecamines said that between 150,000 and 200,000 tonnes of its annual copper supply was refined at MHO's facilities at Olen. There would be no delays to shipments of about 200,000 tonnes of unrefined copper Gecamines ships directly to

customers annually.

A strike by employees of MHO, Europe's biggest copper producer with an annual output of about 300,000 tonnes of refined copper, started on June 8 and the company declared force majeure on all its copper sales last week.

price for immediate delivery up by £33.50 a tonne yesterday to £1,744.50 and the three-month

	IOUSIL STOCKS ng week ended lest Friday)
Alternánium	+7,425 to 119,350
Copper	- 11,500to 84,850
ينغم.	+ 1,875 to 38,200
Vichel	-534 to 2,282
Zine	+2,050 to 29,180
Nn	+400 to 405
Mb 4	1.04.000

US MARKETS

IN THE METALS, gold and silver rose

following a sharp increase in the CRB index, a major inflation indicator, reports Drexel Burnham Lambert.

de buying and elected stop orde

inde buying and elected sub orders lifted the copper. Platinum also gained in slow trading. In the softs, sugar prices closed lower after a choppy

session. Coffee trading was dull as first notice day draws near. Cocoa

prices were steady from mostly local activity. All of the grain markets post

strong gains as the hot, dry weather in the mid-west states railled prices. July soybeans advanced 15½ closing at 748½. In the livestocks, a builleh cattle on feed report helped firm up cattle

UK plans environment boost for land set-aside scheme

By Bridget Bloom, Agriculture Correspondent

BRITAIN IS to introduce the European Community's firstever scheme to pay farmers to follow good environmental practices on land taken out of able production.

Farmers in seven cereal-growing counties in eastern England will be paid up to £120 a hectare in addition to up to £200 a hectare they can already receive for fallowing their land under agreements with the

Amouncing the new scheme yesterday, Sir Derek Barber, chairman of the Countryside Commission, which has drawn up and is to administer the scheme, said he expected it to be "a roaring success".
Its principal aim would be to

redress some of the damage done to Britain's countryside by intensive arable cultivation. The scheme would help restore hedgerows woodland and grass meadows to something like their original state. Sir Derek, who has fought

hard to get government sup-port for the scheme, arknowl-edged that it would be small to start with. No more than 400 farmers are thought likely to qualify intitially, while grants are to be cash limited to a total of £400,000 this year and £850,000 in 1990-91 season. However, if this "very excit-

ing" scheme proved as successful as he believed it would, Sir Derek asked: "Can you imagine that more money will not then be forthcoming?

The new "countryside premium for set-aside land" is described by the Countryside Commission, the Government's official adviser on country matters, as an "environmental top-up" to the arable land set-

aside scheme introduced by the

THE UK Government announced yesterday that it was considering the introduc-tion of pilot schemes for less intensive rearing of cattle and sheep with farmers being paid to reduce livestock numbers. Under a European Community agreement, member states

are required to produce such so-called extensification schemes by the year's end. However, the Ministry of Agriculture made it clear in Lon-don yesterday that it believed they could be costly and difficult to monitor.

The ministry has asked for

reactions to the concept of the-pilot schemes by the end of Angust, following which spe-cific areas would be desig-nated. Compensation envisaged is between £8 and £12 for each ewe reduced" and between £30 and £50 per head for cattle.

Government last year.
All EC governments were required to introduce set-aside, though farmers are free to par though natures are the mar-ticipate or not. The scheme is justified by Community as being cheaper than buying and storing unwanted cereals at In Britain last year, while

some 24,000 farmers registered their land, only some 1,800 actually entered the scheme. Britain pays farmers between £130 and £200 a hectare a year for five years. The estimated cost will be £11m this year ris-

ing to £22m in 1990-91. The EC set a normal limit of Ecu 600 (£400) a hectare and Germany, which offers closest to this ceiling, has registered the largest number of applicants, at around 9,000 farmers.

Earlier this month Mr Henri Nallet, the French Farm Minister, acknowledged in an interview that France had set its rate too low to attract more than a few hundred farmers. He suggested payments would be raised this year.

However, Britain is the only country to link set-aside payments to care of the environment. Explaining the new scheme yesterday, Mr Bob Roberts, the Countryside Commis sion's conservation director said it would apply only to those farmers who decided to fallow their land, rather than to plant trees or turn it to

other allowable uses.

There would be five categories of grants, ranging from payments of £45 a hectare for creating a habitat attractive to wild-life, to £85 a hectare for managing hedgerows, wood-lands and creating new ones, and £120 a hectare for creating "new areas of grassland for the benefit of wildlife and for quiet countryside enjoyment by the

local community."

One option "of limited interest", since it would apply only to a narrow coastal area, would be to "create winter grazing for Brent geese as a means of min-imising grazing damage to winter cereal crops elsewhere." Finally, farmers could propose their own schemes to the Commission, Mr Roberts said.

mission, Mr Roberts Said.

The premium scheme will apply to the seven counties of Bedforshire, Cambridgeshire, Essex, Hertfordshire, Northamptonshire, Norfolk and Suffolk. It will be paid for by the Department of the Environment of the Envir ment, rather than the Ministry of Agriculture, which pays for and runs the "regular" set-

Non-OECD energy demand growing

'Quiet revolution' in Latin American agriculture

By Maurice Samuelson

ENERGY DEMAND in the Third World and Communist States has doubled over the period since the first international energy shortage.

This emerges from a study by the Paris-based International Energy Agency, formed in response to the Middle East

oil crisis of 1973-74 and growing world energy shortages.

The agency, in its first detailed compilation of production and consumption statistics covering the entire world, says it illustrates the growing demand for energy in the

developing and Communist countries - which do not

By Canute James in Kingston

LATIN AMERICAN and

Caribbean countries have expanded their non-traditional

farming sectors over the past two decades and have become

major exporters, according to a

report by the Inter-American

Describing the development as a "quiet revolution," the bank says earnings from non-traditional agricultural exports

have increased as much as 20-

"The traditional importance

of grain and beef is now being

challenged by a host of new comers — soybeans, vegetable

oils, fresh fruit and crusta-

fold since the mid-1960s.

ceans," the Bank says.

Development Bank.

belong to the Organisation of Economic Co-operation and It also shows the changing position of the Organisation of demand in OECD countries Petroleum Exporting Counwent up only 22 per cent - to tries, whose share of world oil production over the 17 year

period fell from about 50 per

cent to 32 per cent. On the demand side, while the OECD's energy needs rose by 22 per cent, the non-OECD states' share of the world's primary energy requirements grew by nearly half — from 37 per cent in 1971 to nearly 50 per cent in 1987.

The non-OECD countries needs in 1987 totalled 3.73bn tonnes, oil equivalent, out of a world total of 7.62bn. In developing countries, total energy demand rose by 164 per

cent from 459m tonnes, oil equivalent, to 1.21bn, while the communist world increased consumption by 80 per cent from 1.39bn tonnes to 2.52bn. For non-OECD countries as a whole, demand more than doubled to 3.73bn tonnes, while

is credited by the Bank to more

efficient transportation, changes in eating habits in the

major markets (mainly North America) and year-round pro-duction of some crops in Latin

America and the Caribbean. Indicative of the growth in

non-traditional exports from

the region is the performance of Argentina's soyabean indus-

try. Exports of beans, oil and

cake began in 1973, and in the

following two years earnings

averaged \$44m. The IDB says

that by 1986 earnings annual earnings had reached \$1.25bn.

Earnings from Brazil's exports of soyabean oil and

cake, which reached \$100m in 1972, jumped to over \$2bn by

1984, according to the report.

Over the 17 year period, energy needs of the developing countries grew at an average 6.2 per cent a year, compared with 3.8 per cent in the com-munist countries and only 1.3

per cent in the OECD.

There has also been an important change in the nature of the world's fuel mix, with the growing use of natural gas - at the expense of coal in communist states and of oil in developing countries.

Between 1971 and 1987, coal's

share of energy requirements in non-OECD countries fell from 44 to 35 per cent. Relative dependence on oil peaked in 1980 at 41 per cent and by 1987, at 35 per cent, was 2 per cent as than in 1971. In developing countries, the share of gas in energy require-

ments rose from 9 per cent to 17 per cent and in the commu-nist states gas consumption

"More efficient transporta-

tion, refrigeration and market-ing have transformed Latin

America's fisheries subsector into an important new foreign exchange earner," says the IDB, "especially in the high value products which have

become a regular component of

urban diets around the world. In Latin America this has

meant, first and foremost, a

sharp rise in shipments of crustaceans (principally shrimp), and fish in various

Ecuador's exports of crusta-ceans in 1987 were worth

\$38m compared with \$10m before 1963. Similar expansion has taken place in Argentina, Chile, Brazil, Honduras, Pan-

1945-50 1870-2

ide (\$ per tonne

forms of conservation.

By 1980, Iran's exports were negligible while the number of gas exporters in the developing world had doubled from five to ten with Indonesia exporting 30 per cent of total gas exports of 33.5m tonnes.

In 1987, Algeria was the developing world's largest exporter at 24m tonnes with other important exporters being Indonesia, Brunei, Mal-aysia and the United Arab Emirates.

World Energy Statistics and Balances 1971 - 1987; OECD 2 Rue Andre Pascal, 75775 Paris Cedex 16; France; 656 pages; Fr.

ama. Peru and Surinam.

gus to distant markets.

Improved transport has

opened up markets for sea-sonal produce, the report says. This has allowed some coun-

tries to ship high-value prod-ucts like broccoli and aspara-

and vegetables has come about only recently due to improved

sea and air transportation."
"The choice of Chilean

grapes as a terrorist target in early March was a perverse

acknowledgement of the tre-

mendous success this sector has achieved," says the bank.

412-3

1707/1688

430/420 415/408

11800/11700 11450/11150

WORLD COMMODITIES PRICES (Prices supplied by Amalgamated Metal Trading)

Ring turnover 24,300 tonne

Ring turnover 43,300 tonne

Ring turnover 12,075 tons

9980-10000 1,632 lots

Ring turnover 13,350 tonne

75.982 lots

9.542 lots

7,141 lots

AM Official Kerb close Open Intere

1701.2

409-11

"While Mexico has been a traditional supplier to its northern neighbour," the IDB-reports, "Chile's surge in the sales last week.

Bougain ville, which accounts for about 2.5 per cent of the non-Communist world's copper production, had already closed down for a month and declared force majeure on some copper concentrate shipments.

Traders now do not expect Bougainville to return to normal for many months.

mal for many months.

All this news combined to push the LME Grade A copper

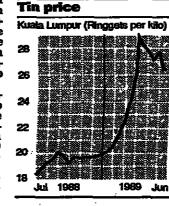
21,744.50 and the three-month price advanced by 242.50 a tonne to £1,707.50.

Tin producers expect price rise

THE ASSOCIATION of Tin Producing Countries, which met here last week, is expecting higher tin prices in the months ahead in spite of the US decision to increase tin sales from its strategic stock-pile by 2,000 tonnes a year to 7,000 tonnes from October. The seven-nation group attri-butes higher tin prices to greater depletion of worldwide stocks which it said were fall-ing at a rate of 1,700 tonnes a month, rather than the 1,000 tonnes a month it was estimat-

able stocks are no longer avail-able to the market," the associ-ation said. With more tin sales by the US in prospect, how-ever, it plans to meet in October to review its export control

Revised ATPC estimates showed that total world tin



stocks amounted to 30,896 tonnes at the end of April. While that was still about 10,000 tonnes above what is regarded as the normal market equilibrium level, more than 7,000 tonnes were "locked up" because of litigation arising from the collapse of the Inter-national Tin Council's buffer stock buying operation in 1985. The tin group has made no attempt to fix prices but has instead worked to pare down a stockpile which four years ago was three times the present

Although the association lacked policing powers to enforce its annual export quota (106,400 tonnes for the 1988-89 period) the group's strategy was "holding out very said an ATPC official. Even Brazil, the largest pro-

ducer and not a member of the ATPC, has kept its bargain to limit exports.

The association has yet to spell out its role, beyond setting export quotas, once the tin

LONDON MARKETS

The increase in these exports

LME yesterday despite a 534-tonne fail in LME warehouse stocks to 2,262 tonnes — the lowest level since December. Merchant liquidation tool the three-month price down to \$11,150 a tonne by mid-day. A recovery to \$11,450 in the atternoon soon attracted profit-laking and renewed mercahnt iguidation. The premium for cash metal narrowed to \$587.50 a tonne compared with \$800 on Friday, Tin prices firmed, finding some support from the dollar's weakness against sterling. The arrival of of 400 tonnes into LME warehouses suggests there is more metal due to be put on warrant. mixed, and are generally seen as drifting lower. Any constructive agreement from key ICO members would quickly reverse the trend.

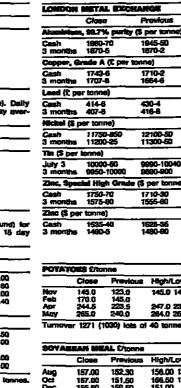
SPOT MARKETS		
Crude of (per barrel FOS)		+ or -
Dubal	\$14 05-4.20w \$16 50-8.55v	
Brent Blend W.T.I. (1 pm est)	\$20.40-0.45v	
		
Oil products (NVE prompt delivery per l		+ or
Premium Gasolino	\$136-198	-3
Gas Otl Heavy Fuel Oil	\$135-137 \$83-85	+1
Naphthu	S158-160	• •
Petroloum Argus Estimatos	1	
Other		+ or -
Gold [per trey es)4	5366.25	+275
Silver (per troy oz)-	536c	+9
Flatinum (por tray 02)	\$492.25	+0.90
Paliadium (par troy az)	\$152.75	-0.25
Aluminium (free market)	\$1935	
Copper (US Producer)	115 % - I 18c	
Lead (US Producer)	38.00c 535c	-25
Nickel (froe market) Tin (European free market)		-25 +75
Tin (Kuola Lumpur market)		+0.08
Tin (New York)	462.5c	-0.5
Zinc (US Prime Western)	80 % c	
Cattle (live weight)†	118 31p	-4.64°
Sheop (dood weight)?	175.84p	-30.1*
Piga (live weight):	87.22p	-5.56
London daily sugar (raw)	\$326×	+11
London daily sugar (while)		+ 10.5
Tate and Lylo export price	C356 0	+6.5
Bartoy (English leed)	£104 5w	
Maize (US No. 3 yellow)	£131.5	
Wheat (US Dark Northern)	E132u	
Rubber (spot)♥	60.50p	+0.75
Rubber (Jul)♥	66 GOp	+0.75
Rubber (Aug)♥	66.75p	+1.00
Rubbor (KL RSS No 1 Jul)	254,0m	-35
Coconut oli (Philippines)§	\$555:	+5
Palm Oil (Molayslan)§	\$360.0	+ 125
Coora (Philippines)5	\$355	
Sovabeans (US)	£207u	+0.10
Cotton "A" index	79 85 623o	+3
Wooltops (649 Super)	оеф	

r-ringgit/kg. v-Jul. u-Jun/Jul. x-Jul/ Aug. w-Aug. 2-Aug/Sep. †Meat Commission ago. \$\psi_London physical market_\$CIF Rotterdam
Bullion market close. m-Malayalan cents/kg.

				_
COCO	L Efforme			-
	Close	Previous	High/Low	-
Jul	805	815	808 795	•
Sep	823	834	828 813	
Dec Mar	873 869	863. 865	820 365 874 364	
May	877	892	886 873	
Jul	892	908	895 890	
Sep	9C9	924	908 903	_
Turnove	er:4556 (7	102) lots of	10 tonnes	
ICCO H	ndicator p	rices (SDF	s per tonne). Daily	•
age for	שנות של א ביולים בעלי	1017.02 (10 88.55 (995.2	27.97):10 day aver 15)	•
	E L'jonne			•
-	Close	Provious	High/Low	-
				-
Jly Sep	1127 1087	1140 1090	1135 1109 1086 1070	
Ngv	1081	1080	1087 1080	
Jan	1102	1095	1100 1071	
Mar	1115 1130	1110 1093	1118 1080 1086 1080	
May Jiy	1120	1100	1085	
	or 2558 14	105) lots of	5 tonnes	-
ICO 1m	dicator pr	ices (US t	ents per pound) fo	•
Jun 16	: Comp.	delly 101.8	7 (101.00) . 15 day	y
	e 110.48 (_
SUGAL	(S per to	nnoi		_
Rev	Close	Previous	High/Low	_
Aug	290.00	288.80	294 60 288.00	-
Oct	286.60	267.80	283.40 284.60	
Dec Mar	295 00 270,40	285.00 271 40	287.00 284.00 275.00 269.40	
May	299 00	270.00	272.48	
White	Close	Previous	High/Low	_
Aug	384.00	382.00	388.00 382.50	
Oct Dec	355.00 347.00	352.50 343.00	358.00 352.00 347.00	
Mar	335.00	333.00	338.00 335.00	
May	303.50	331.00	336.50 335.00	
Turnov	er: Row	10473 (846	()lots of 50 tonnes	ī
White	334 (1000). `		
			: Aug 2585 Oct 2385	
2095.	uo, mar a	230, MBY 2	2240, Aug 2230, Oc	I
				_
CRUDI	E OIL S/bo	rrel		_
	Clos	e Previo	us High/Low	_
Aug	16.2	16.12	16.22 16.03	•
Sep	16.0		16.07 15.87	
IPE Ind	lox 16.12	2 16,30		
Turnov	er: 5067 (4	42 <u>9</u> 9)		_
OAS O	IL Sitorine			_
	Close	Previous	High/Low	_
Jul	135.50	135.00	135.50 133.00	-
Aug	135.25	134.50	135.25 132.50	
Sep	135.75	135.25	135.50 133.75	
Oet	137.00	137.00	137.00 135.00	

TEA There were 18,797 packages on offer fee including 6,500 offshore, reports the Tea Brokers Association. Demand was again strong and general with brightest teas fully firm. Medium and plaimer descriptions met good compatition at generally dearer rates Caylons were well supported and dearer, particularly good qualify teas. In the offshore auction Kenyas soid at slightly easier rates but offerings from all other congusz realised fully firm and offen dearer prices. Quality 195p (same), medium 125p (120p), low medium 97p (15p)	•

138.00 138.50



POTAT	OMS E/to		 —
	Close	Previous	High/Low
Nov Feb	145.0 170.0	123,0 145,0	145.0 140.0
Apr	244.5	223,5	247.0 235.0
May	265.0	240.0	264.0 258.0
Turnov	er 1271 (1	1030) lots of	40 tormes.
SOYA	EAK NE	AL Chonne	
	Close	Previous	High/Low
Aug	157.00	152.30	156.00 153.00
Qež	157.00	151,50	166.50 153.00
Dec	155.60	150.50	151.00
Turnow	er 170 (36	i)lots of 20	ionnes.
riter (a	IT PUTU	RES \$10/lnd	lax point
	Close	Previous	High/Low
-jun	1398	1400	1395
Jul	1355	1370	1365 1336
Öct BFI	1481 1396	1510 1307	1495 1490
Tumove	r 103 (10		
08436	B Ettonne		
Wheel	Close	Prévious	High/Low
Jun	111.00	111.70	111.00
Seg	107.20	106.00	107.40 107.20
Nov	110.75	109,50	110.90 110.50
Jan	114.30	113.00	114.30 114.20
Mar May	117.40	116.10	117.30 117.20 120.70 120.60
qriu max	120.70 122.25	119,50 121,00	122.70 120.00
Berley	Close	Prévious	High/Low
Sop	105.40	104,75	105.75 105.26
Nov	109.50	108.45	109.50 109.30
Jon Mar	112.75 115.85	111.60	112.75 112.50
May	117,35	114.75 116.25	115.85 117.35 117.25
			Barley 135 (118).
Turnove	r lots of	100 tonnes.	
_			
PIGS (C	ash Settl	emont) p/kg	
	Close	Browlean	High/I day

113.0 110.5 115.0

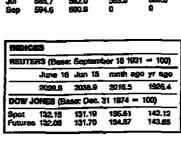
113.0 111.0 114.5

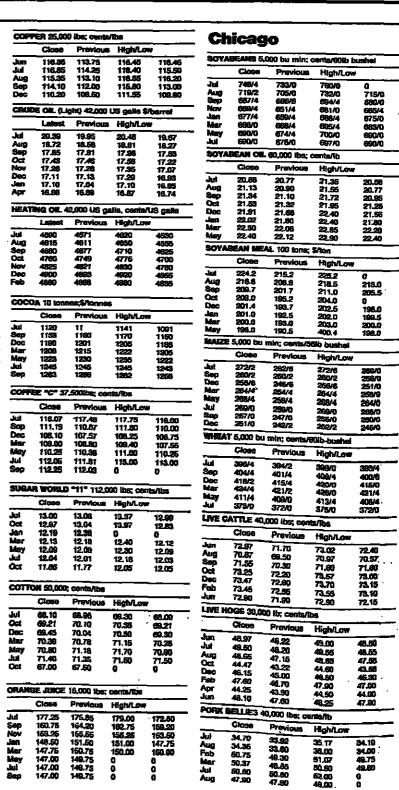
112.8 109.5

			Ring	turnev	er 13,	SOO tomme
1525 1485	1520-6 1486-90	1	505-10	•	9,466	lots
	LONDON BU	ГШО	I MAE	KET		
_	Gold (fine oz	\$ pelo	•	2	eguiv	alent
_	Close	385-3			36 ¹ 2-2	
	Opening	363-3		2	37 ½-2	38
_	Morning fix Alternoon fix	363.6 364.4			36.796 36.393	
_	Day's high	366 ½				
_	Day's low	353-3	23/2			
_						
_	Coins	\$ pric	28	2	equiva	elent
	Mapleloat	377-3	12	2	\$312-24	16 J2
	Britannia US Eagle	377-30 377-30		2	(3 J ₂ -24	161 <u>2</u>
−.	Angel	373-37			და <u>უ-24</u> 405 <u>1</u> -24	
	Krugerrand	385-3	58	2	36-236	٠.
-	New Sov. Old Sov.	86-87 86-87			542-561 542-561	
-	Noble Plat		502.3		0.85-3	
-						
	Silver fix	p/fine	07	11	S cts (wante
	Spot	345.35			2.36	
-	3 months	357.65			5.25	
	6 months	370.05			7.50	
_	12 months	393.95	•	5	11.75	
-						
-	LONDON ME	M D	CHAN	ĜE TR		OPTICAL)
	Aleminium (3	9.7%)	G		-	uts .
	Strike price \$	tonne	Jul	Sep	Jul	Sep
	1800		155	120	7	47
	1900 2000		81 32	89 35	29 80	93 156
_	Copper (Grad	e A)		ulis.		ruts .
	2550		148	185		 -
	2650		83	117	24 59	102 152
	2750		40	80	116	212
-	LONDON FOX	TRAE				
	Colleg		Ed .	900	, Ld	

Mapleloat	377-382	2	43 12-2	46½
Britannia US Ezgla	377-382	2	43 2-2	46½
vs eagus Angei	377-382 373-378	3	43½-2 4052-2	48 ¹ 2
Krugerrand	385-388		ອບ-າງ-ວ 36-236	
New Sov.	86-87		5½-56	
Old Sov.	96-87		542-56	
Noble Plat	494.45-502.5		20.85-3	
				_
Silver fix	p/ine oz	·	S cts	oquiv
Spot	345.35		32.36	
3 months	357.65		45.26	
6 months	370.05	S	57.50	
12 months	393.95	8	81.75	
LONDON ME	TAL EXCHA	HĜE TR	ADED	ОРТК
Aluminium (S	9.7%) C	alis .	Ī	Puis
Strike price :	S tonne Jul	Sep	Jul	Sep
1800	155	120	7	47
1900	81	89	29	83
2000	32	35	80	156
			_	Puts
Copper (Grad	Se A) C	alis	'	-QLQ
Copper (Grad 2550	Se A) C	185	24	102
2550 2650	_ <u>-</u>			
2550 2650	148	165	24	102
2550 2650 2750	148 83 40	165 117 80	24 59 116	102 152
2550 2650 2750 LONDON FO	148 83 40 K TRADED C	165 117 80	24 59 116	102 152 212
2550 2650 2750 LONDON PO	148 83 40	165 117 80 PTsON:	24 59 116	102 152 212 Sep
2550 2650 2750 LONDON PO	148 83 40 K TRADED C	165 117 80 P73044 Sep	24 59 116	102 152 212 Sep
2550 2650 2750 2750 Collee 1050 1100	148 83 40 K TRADED C	165 117 80 P730% Sep 71 46	24 59 116	102 152 212 Sep 38 63
2550 2650 2750 LONDON POI Coffee 1050 1100	148 83 40 K TRADED Q Jul 40 16	185 117 80 PT/ON Sep 71 46 28	24 59 116	102 152 212 Sep
2550 2650 2750 2750 LONDON POT Coffee 1050 1100 1150	148 83 40 K TRADED 0 Jul 40 16 Jul	165 117 80 P7504; Sep 71 46 28 Sep	24 59 116 Jul 16 42 Jul	102 152 212 Sep 38 63 95 Sep
2550 2650 2750 LONDON FOI Collee 1050 1150 1150 Cocce	148 83 40 K TRADED Q Jul 40 16	165 117 80 8ep 71 46 28 Sep 46	24 59 116 116 42 Jul 6	102 152 212 Sep 38 63 95 Sep 23
	148 83 40 K TRADED 0 Jul 40 16 Jul	165 117 80 P7504; Sep 71 46 28 Sep	24 59 116 Jul 16 42 Jul	102 152 212 Sep 38 63 95 Sep

orn teet report herpet in the castle gained 127. Pork bellies and hog futures also advanced due to a higher cash market and some spillover buying from the cattle. The energy complex was higher on news of production cuts. Cotton prices gained from early speculative buying before trade selling weakened **New York** GOLD 100 troy oz.; \$/troy oz. 367.1 368.4 370.6 374.7 378.8 382.9 367.2 361.4 385.6 365.1 366.4 366.8 272.7 376.8 390.6 365.0 389.2 363.4 365.9 0 368.1 373.8 376.3 382.0 385.0 PLATERIAM 50 troy oz, \$/troy oz. Close Previous High/Low 497.2 499.2 500.4 503.9 607.9 490.9 492.7 493.9 497.4 501.4 498.5 500.0 500.2 503.0 0 491,5 463,5 487,5 503,0 0 SILVER 5,000 tray az, centu/tray ez. Previous High/Low 632.3 534.0 538.5 543.4 656.2 559.7 568.2 576.8 585.7 594.6 528.5 530.5 535.0 539.8 552.6 656.0 564.5 573.1 582.0 690.9 532.0 639.0 0 648.0 661.0 0 573.0 578.0





LONDON STOCK EXCHANGE

Equities firmer but volume still light

A STEADY performance from the European elections, which was negative for the UK Conservative Government, under-pinned a firm UK stock market yesterday. Trading volume was light, but the picture was much the same as last week, with the institutions showing no inclination to sell stock and leaving share prices to follow a

American, and to a lesser extent, Japanese huyers were still present in London, but remained selective in their affections. BAT Industries remained in favour, and the international funds bought

Account	Dealing	Dates
*Pixel Dealings: Jun 5	Jan 19	Jul 5
Option Decimation Jun 15	cato Jun 29	Jul 13
Lest Dealoge: Jun 16	Jun 30	Jul 14
Account Days Jun 26	Jul 10	Jel 24
Now time death	go may lake	piece from

Beecham/SmithKline Beckman

merger moved nearer to frui-Share prices were marked down initially as traders shied away from the possibility that the European election result might mean further downward ressure on sterling. Equities soon began to edge

don money market rates turned easier. Led by a pre-mium on the FT-SE Index futures contract, share prices advanced to show a gain of 14 Pootsie points. The market peaked as Lon-

don waited for New York to open, and then began to lose its shine when Wall Street entered the new session on the downward trend. The Footsie futures premium was trimmed to around 10 points before the futures market closed and share prices settled down to round off the first day of the new equity Account in uneventful fashion.

net gain on the day of 10.8 points. The Index has now returned to the levels last seen at the end of May when the pound's fall, swiftly reflected in the rise in base rates to 14 per cent, had begun to undermine the Footsie post Crash

peak of 2,204.7.
Seaq volume totalled only
360.3m shares yesterday,
against the 514.7m registered
on Friday. Turnover in neither
ICI nor Barclays Banking could
scale the 1m share level, and
shortage of stock played a role
in pushing several leading in pushing several leading stocks ahead. The equity market's worries

The final reading of 2,154.7 over sterling could face a fur-on the FT-SE Index showed a ther testing this morning when the latest UK money supply data is due. The concensus forecasts in the equity market is that growth in money supply and bank lending was strong in May.

UK equity analysis remain cautious about the London market. Kleinwort Benson warns that if high interest rates have to be tolerated for some time, then a static econ-omy will make profits growth "hard to generate". Hoare Gov-ett, while regarding renewed speculation against sterling as possible, believes the UK Treasury would resist pressure for a further rise in base rates."

changed and attracted low

al Tel, said that the situa-

the share price "is far too

the Henderson note on the

A near doubling of full-year profits at Renold excited inves-

tors and the stock added 9 at

The market played a waiting

game in Gateway as shares in the supermarket group edged 3

higher to 215p on light turn-over of 2.8m. "Most market professionals should already

have positions at the lower lev

els," explained on trader, who said that investors in the stock

were content to sit on their

holdings and await news from

Wasserstein Perella, the US finance house which has con-

firmed it is interested in organ-

ising a leveraged buy-out of

There is already a 210p-a-share bid from Isosceles on the table, and the deadline for

acceptances of that offer is

1.00pm Thursday; analysts say

that if Gateway is to be snatched from the clutches of

97½p. "It just ran away," said a dealer.

turnover

Recal twins.

High Low 83.76 83.75 (14/6) 84.76 (13/6) (28/11/47) (3/1/75) Ordinary 1771.8 1758.9 1447.8 1926.2 49,4 (3/1) (16/7/87) (26/6/40) 154.7 734.7 43.5 (17/2) (15/2/83) (26/10/71) Ord. DL Yield • S.E. ACTIVITY Ord. DL Yield
Earning Yid %(full)
P/E Ratio(Net)(\(\frac{1}{2}\))
SEAO Bargains(5pm)
Equity Turnover(\(\frac{1}{2}\)m)
Equity Bargains† 11.11 10.89 25,696 1573.79 27,734 556.8 29,824 1342.66 31,794 527.0 117.9 Equity Bargains Equity Value 2713.9 3161.0 5-Day average Gilt Edged Bargeins ●Opering ●10 arts ●11 arts ●12 pres ●1 pres 1770.1 1774.2 1775.9 1779.5 1782.3 Equity Bargains Equity Value 181.9 DAY'S HIGH 1782.9 DAY'S LOW 1769.4 . London Report and latest Share Index: Tel. 0898 123001 Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordina Gold Mines 12/9/55, SE Activity 1974, ANI 11.28

FINANCIAL TIMES STOCK INDICES

Pao sells **Standard** stake

Shares in Standard Chartered, the UK bank with extensive Far Eastern interests, fell sharply in early trading after broking house Cazenove placed Sir Y K Pao's 10 per cent stake in the market. The Hong Kong shipping magnate acquired the shares in 1986 while helping to block a hostile bid for Standard

from Lloyds Bank. The stake of some 23m shares was sold at 4950, report-edly to a variety of institu-tions. As soon as the placing was completed the Standard price dropped to 502p before recovering slightly to close at 508p, down 14 on the day. Turnover was logged at 48m shares which, taking into account double-counting, meant that only 2m shares outside the stake changed hands during the session.

The reaction from analysts was muted. They pointed out that Sir Y K Pao had registered the holding in the name of his two daughters last year at the time of a Standard share issue, the rights to which he declined to take up, implying that the investment was a short-term commitment. The pricing of the sale was also regarded as

"The stake was placed at 495p, and if you adjust for the interim dividend there's a yield there getting on for 10 per cent, so it was bound to go down well," commented one analyst. Most researchers agreed that following yesterday's fall, and ness. Standard shares could attract some bargain buyers.

Enterprise ruling

Enterprise Oil rose firmly on the High Court's go-ahead for the company's acquisition of Texas Eastern North Sea from Texas Eastern. British Gas and Amerada Hess, had sought to establish pre-emptive rights over the UK portion of Texas

The stock had already opened on a strong note, buoyed by hopes that the decision would be favourable, and also by a bullish circular from Warburg Securites which concentrated onexploration oppor-tunities in Vietnam. The price touched 563p after the court amnouncement, before settling at 557p by the close, a net 11 better. Volume at 1.3m shares was above average, and dealers spoke of steady institutional

It is a splendid achievement for Enterprise," said Mr Philip Lambert, oils analyst at Klein-

wort Benson, summing up the

view of most of the market. Mr Keith Morris at Kitcat and Ait-

the court case, British Gas and Amerada Hess, have until noon on Monday to lodge an appeal. Analysts felt that Britsh Gas, at least, would do so but are unlikely to succeed. Most had assumed that Enterprise would win when calculating their recent profit forecasts and they reiterated their buy recommendations. Some 60 per cent of the stock is held by three main investors, leading to frequent bear squeezes, "It is massively under-owned by the institutions," said Mr Alan Sinclair of Smith New Court.

US buy Beecham

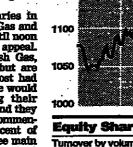
An acute shortage of Beecham stock saw the price rise rapidly in thin early trade as marketmakers tried to draw out sellers. The momentum was maintained by US interest, and the price peaked at 645p before closing at 637p, a rise of

oenore closing at 637p, a rise of 9 on the day. New York buying raised eye-brows in Londom, "They must know something we don't," said one analyst. Beecham is about to complete its merger with SmithKine Beckman of the US and the pharmaceutical the US and the pharmaceutical the US and the pharmaceutical team at Nomura suggested that the S&P 500 listing of key US stocks might break with tradition and include an ADR. SmithKline Beecham, the merged entity, will be UK based, and it has been feared that US index tracking funds which currently hold Smith.

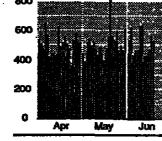
which currently hold Smith-Kline Beckman would dump their holdings. Dr Ering Ref-sum and Mr Didier Cowling, at Nomura, believe there are too few UK index tracking funds to take up this stock, and that the price has been weak on fears of a forthcoming glnt. Nomura said that S&P has been considering the case for several weeks and wanted to take the desires of investors into

Another surge in shares of BAT industries owed more to sustained investment support than renewed speculative interest. The research team at

ken said: "If there is no further appeal, they will have got a very good deal." Enterprise's adversaries in



Turnover by volume , (million)

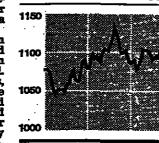


BZW believes they are the best value of the international tobacco stocks both on a p/e and a price/cash earnings basis, in spite of the recent out-

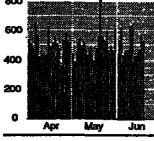
"With renewed US interest, decreased worries about Proposition 103 (Californian reform for reduced premiums on prop-erty and casualty insurance), good growth forecast and strong defensive characteris-tics, BATs remains the prime choice in the sector," said Ms Nyren Scott-Malden and Mr Michael O'Donnell. After vol-ume of 3.2m, the shares closed 10 up at a new peak of 673p. Rothmans International rode on the crest of the BATs wave, gaining 10 to 537p in turnover of only 753,000 shares. The preliminary profits state-ment is due on Thursday, and Mr Richard Workman of Hoare Govett is looking for £305m.

With the clearers trading quietly merchant bank Ham-bros hogged the limelight, ris-ing 4 to 209p after announcing

FT-A All-Share Index



Equity Shares Traded



compared with £288.8m last

better than expected full-year profits of 270.2m. The market

had been worried that the slump in the housing market would seriously dent the bank's profits via its estate agency arm Hambro Country-wide, but the worst of the

losses in housing are not likely to appear on the balance sheet until the current year stigures are assembled in twelve months' time. Countrywide contributed £22m profits last year, but analysts are already predicting a loss on 1988/9 trad-ing of at least £8m from the group. Shares in Hambro Countrywide closed unchanged

at 36p. National Westminster finished at 294p xd after a one-for-one boms issue; the price represented little change in the represented little change in the old form and the stock was qui-

etly traded.

Scottish & Newcastle, the brewer, rose 3 to 323p following press suggestions that it is ready to sell its Thistle Hotels subsidiary to pay for the acquisition of CenterParcs, the holiday group. Mount Charlotte, up 6 at 97p, rose on hopes that it might buy the Thistle chain from S & N. Speculation that it will sell its div operation Texas will sell its div operation Texas Homecare continued to surround Ladbroke, 7% better at

Trading statements produced Trading statements produced infrequent features among buildings with Crest Micholson rising 3% to 195%p on increased first-half earnings and Hewetson gaining 6 to 141p after sharply higher full-year profits. Meyer International also stood out, advanctions 8 to 384n in front of today's ing 8 to 384p in front of today's annual results. Stores firmed on hopes of

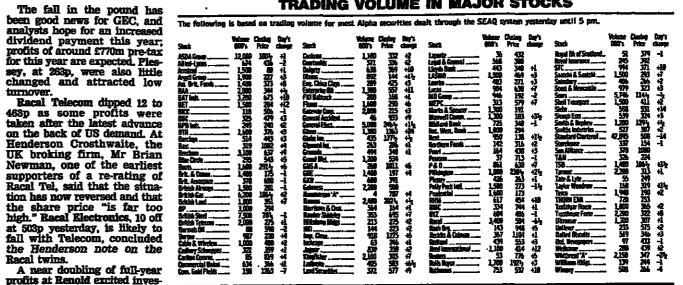
stable interest rates. Body Shop were the clear feature, adding 19 at 685p xd and boosted by a press comment on stocks likely to benefit from tally conscious investors. Body Shop will announce a scrip issue soon at a soon-to-bear-ranged egm and dealers suggested the shares will be keenly sought ahead of the meeting. Two other issues to

meeting. Two other issues to make notable gains on the "grean ticket" were Attwoods, up 27% 498p xd, and Shanks & McEwan, 205 higher at 1800p.

Kingfisher also gained ground, adding 7 at 303p as marketmakers squeezed the price higher in search of stock. Boots held up well, closing 6 higher at 291%p ex-dividend, while div chain Wickes while diy chain Wickes bounced from recent losses to add 9 at 177p.

The electronics sector slipped lower in modest trad-ing as investors awaited new ing as investors awaited new developments. Trading in GEC of 5m shares provided a feature, although the shares were little changed at 245p as investors braced themselves for the preliminary results due in the current trading Account (June 28), and for the revised bid terms for Plessey, likely to follow soon after.

TRADING VOLUME IN MAJOR STOCKS



Isosceles, which already speaks for 27 per cent of its target's equity, then a rival bidder will have to offer at least 220p, if not 230p-a-share. The market expects to know the full intentions of Wasserstein Perella by

Other food stocks, both retailers and manufacturers. continued to firm on bid speculation, among them Asda, a shade better at 180½p on turnover of 12m shares, and Dal-gety, up 10 at 369p amid talk that Australian entrepreneur Mr Robert Holmes á Court has recently added to his 5.2 per

cent holding.

A 25 per cent full-year improvement in profits from conglomerate BET boosted shares 12 to 284p. Some mar-ketmakers had anticipated a higher figure, but as soon as

they marked down the rice, eager buyers moved in. Mr Angus Blair, of Kitcat and Aitken is raising his forecast for the current year from £290m to

310m and changing his recom-mendation from a "hold/buy" to a "defensive buy." USM-quoted Creighton Labs slumped 117 to 313p after a profits warning.

Dowty attracted persistent inquiries – the annual figures

are due on June 29 - and the shares rose 8 to 291p. Vehicle distributor T Cowle went bet-ter to close at 143p following weekend news that Trimoco had acquired a small stake as

Institutional buyers were around for several stocks in ex-dividend form, including Reed International which jumped 12 to 414p.

News that the Hunting Gibson, Hunting Associates and Hunting Petroleum Services are to merge boosted all three. Gibson added 24 at 267p, Associates jumped 87 to 555p and Petroleum climbed 18 to 225p. Mr Sandy Morris, analyst at County NatWest WoodMac, said that the shares should become more attractive. "It will be a single company with interests in defence, oil services and aviation support. It should be re-rated; I could easily live with a p/e rating of 10 compared with the current 8." That would take Associated close to £6 a share, he said.

 Other market statistics. including FT-Actuaries Share Index and London Traded Options, Page 27

NEW HIGHS AND LOWS FOR 1989

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MIT. BABIC & O'BEAS GONT. STILC. ISSUE (1) AMERICANS (S) BARKES (1) Gerrard à Notocel. CHEMICALS (S) Amerinem rel. Jenselt & Footonici, Cystelette, \$703 (1) ETA Grp. ELECTRICALS (8) ENGREENING (1) FOOOS (2) Beristord Int., Hughes Food, MOTELS (1) NEUSTRI (10) Courtney Pope, Cresgion Laba, Footonici, Halls Homes & Gdes, MS Grp. Mid Kent Ridge., Myson Grp., Sider, Tricks, LNI (Gearnstee, LESURE (1) Totacham Hotsgur, MOTOS (1) Trimoco, NEUSSPANESS (1) Southness, PAPERS

portfolio management today call for a global perspective. And a bank of international stature.

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into a complex of interdependencies. Institu-

tional investment strategies and private

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APPOINTMENTS

Telecom **US** post



BRITISH TELECOM has appointed Mr John Carrington (above) as president of BT Inc., based in New York. He was director of BT Mobile Communications. He will have executive responsibility for all British Telecom's operations in North America, where BT recently announced its intention to appropriate the control of the contro tion to acquire over 20 per cent in McCaw Celiniar Com-munications Inc, a leading cellular radio operator in the US. Mr Denys Bennett, formerly regional director North America, is returning to the UK as director, marketing, planning and commercial, of the communications systems division.

Changes at **Eurotunnel**

■ Mr Graham Corbett, formerly financial adviser to the co-chairmen of EUROTUNNEL, has been appointed finance director with widened corporate responsibilities. Mr Michael Butcher, formerly group legal adviser, becomes group legal director and secretary. Mr David Wilson, formerly group secretary and administration newly-appointed director and general manager of Eurotunnel Developments which is responsible for the management and development of Eurotunnel's UK property interests. Mr Wilson retains his responsibilities as director of administration.

BLACK HORSE RELOCATION SERVICES, part of Lloyds Abbey Life, has appointed Mr John Carolan as managing director. He was operations director.

BYAS MOSLEY GROUP. international Lloyd's brokers, has appointed Mr Andrew Killson, Mr Andrew Duggan and Mr Simon Knight to the main board with specific responsibility for the UK division.

Ms Tina Kaye is to join CONRAN DESIGN GROUP. a Storehouse company, as



Mr Geoffrey Armstrong (left), currently a main board director of M.B. Group, will be joining STANDARD CHARTERED on August M.B. Group, will be joining STANDARD CHARTERED on August 1 as a group executive director responsible for development. He is chairman of the CBI employment committee and a member of council of the Advisory, Conciliation and Arbitration Service. Mr John MacKenzie (right) has been appointed a group executive director responsible for banking and trade finance operations in the western hemisphere. He was area general manager based in Hong Kong with responsibility for Hong Kong, China, Macau, Japan, Korea, Taiwan and the Philippines. Mr MacKenzie joined the group in 1958. the group in 1958.

marketing and research director.

■ GT MANAGEMENT, part of the Bank in Liechtenstein group, has appointed Mr Peter de Val as institutional sales manager. He was senior Japanese equity salesman with County NatWest in London.

💻 Mr Nicholas Banyai has been appointed sales director of ERGONOM, a company in the office furniture division of Wassall.

MANSFIELD BREWERY has appointed Mr John Hare as company secretary from July 17. He was deputy company secretary at Courage.

■ CHANCERY FINANCIAL SERVICES, part of the Chancery group, has appointed Mr Hanan Baradon as a director. He joins from Consolidated Credits Bank where he was a director.



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Dollar weak as peseta gains

THE RESULT of the European elections and the success of left wing parties provided a little west German Bundesbank on co-ordinated intervention. underlying support for the dol-lar yesterday, but the US cur-rency failed to gain any great benefit and finished in London towards its lowest levels of the

day.

Profit taking at the end of last week, after the dollar falled to break through technically against cal resistance points against the D-Mark and yen, has undermined confidence, but it remains the subject of debate in the market as to whether this is only a short term adjustment. The market was looking for the dollar to establish levels above DM2.05 and Y150 after the US trade figures, but the retreat below DM2.00 and Y145 has posed questions about the currency's future perfor-

mance.
Confidence no longer appears strong enough to offset the fear of central bank intervention and has encouraged profit taking and squaring of

long dollar positions.

In nervous trading rumours tend to gain increased credibility. Last week it was suggested the Bank of Japan is prepared to sell up to \$1bu a day to keep the dollar down ,and yesterday it was said that the Bank of

ipan ha	s agreemer	its with t
€ 1	N NEW Y	ORK
June.19	Lalest	Previous Close
	1 7410 1 5400	1 2302 1 240

Weard premiums and disc	quats apply to	the US dolla
STERLIN	Ģ IND	EX
	June_19	Previous
8.30 am 9.00 am	90.5 90.4	31.1 31.0

1.00 pm 9		
	0.7 90.7 0.6 90.6 0.7 90.9 0.8 91.0 0.8 90.8	
9.00 am	0.6 90.9 0.7 90.7	

June 19	調整を	Special* Drawing Rights	European 1 Currency Unit	
Sterling # U.S Dollar U.S Dollar U.S Dollar Canadian \$ Austrian Sch. Belgias Franc Danish Krone Danish Krone Hark Bulkder French Franc Hark Bulkder French Franc Lapunese Yen Japanese Yen Horsty Krone Spanish Peseta Stredish Krone Sterling Lira U.Spanish Peseta Stredish Krone Sterling Krone Stredish Krone Sterling Krone Stredish Krone Sterling Krone Hark Thank Krone Test Paract Lapunese Hark Branch Lap	7 12.39 7.75 7.75 7.50 7.50 7.50 7.50 7.50 7.50	1.24387 1.22439 1.47183 17.3393 51.6344 2.60522 2.46431 2.77904 8.37215 N/A 178.242 8.91677 158.545 8.27011 2.12562 211.455	1.47720 1.04163 1.24746 14.5582 43.3370 8.05440 2.07076 2.3325 7.02631 1502.45 151.505 7.50390 131.558 6.98204 1.78900 178.014	
Sterling quoted in terms of SDR and ECU per £ 1 European Commission Calculations. All SDR rates are for June 16.				

CURRENCY MOVEMENTS				
June 19	Bank of England Index	Morgan** Gauranty Changes %		
Sterlton U.S Dollar Cassellan Dollar Austrian Schilling Beiglan Franc Dauria Krone Dauria Krone Dauria Krone Galider Franc Ura Yen	90.8 72.4 105.4 105.8 102.9 112.5 106.8 110.2 98.5 138.8	-20.4 -4.7 +0.3 +9.6 -6.1 +15.9 +13.9 +13.2 -15.7 -19.4 +67.5		
Morgan Guaranty changes: average 1980- 1982-100. Bank of England Index (Base Average				

1985 -	1000**R	les are i	اسارها	16.		
OT	HER	CU	RRI	ENC	HES	ŝ

OTHER CURRENCIES						
June 19	<u> </u>	\$				
Argentian Australia Brazil Brazil Finland Greece Hong Kong Kong Kong Kong Kong Kong Kong Kong	30.50 2.0485 2.0485 2.0485 2.0485 2.0485 2.0285	205.00-209.00 1.255-1.3265 1.1500 1.1500 4.000-4.0330 1.70-65-1.7125 7.7850 - 7.7850 644.20-669 60 645.70-6.27750 2.1130-4.2750 2.115-2.2750 2.155-2.7550 1.7555-1.7550 1.7555-1.7550 2.7650-2.8510 2.000-2.8510 2.				

MONEY MARKETS

INTEREST RATES on the London money market fell back yesterday, after a nervous start to trading following the outcome of the European par-

The poor showing of the British Conservatives in the

European poll created a ner-

vous atmosphere and pushed three-month sterling interbank

up to 14%-14% in early trading

from 143-141 per cent. This

UK ctearing bank base lending rate 14 per cent from May 24

was also a reflection of ster-

ling's weak opening on the foreign exchanges, but as the pound recovered London inter-est rates fell, with three-month

money closing at 141-131 per cent, against 141-141 per cent on Friday.

The Bank of England ini-

tially forecast a flat credit posi-

tion on the money market, but

revised this to a surplus of £100m at noon. The authorities

did not operate in the market

during the morning, but in the afternoon absorbed surplus funds by selling £75m Treasury bills, due on July 5, at rates of

Bills maturing in official

hands, repayment of late assis-tance and a take-up of Trea-sury bills drained £303m, with

Exchequer transactions absorbing £100m and bank balances below target £70m. These

factors were offset by a fall in

the note circulation adding

12%-13 per cent.

liamentary elections.

London rates fall

£480m to liquidity.
In Frankfurt call money was

firm, rising to 6.45 per cent from 6.40 per cent. Trading was thin, dominated by the impact of this month's large tax pay-ments. Money started to flow out of the market last week

and tax payments will con-tinue to drain liquidity this

Last Thursday's decline in

banks reserve holdings with the Bundesbank to DM60.6bn from DM63.1bn was a reflection

of tax payments and the mar-

ket is now hoping the central bank will make a generous allocation of funds at this

week's securities repurchase

agreement tender to offset this drain on the market. The new

tender will replace DM8.3bn

leaving the banking system on

Wednesday, as an earlier

In New York the US Federal

Reserve drained money from

the banking system, via two-day matched sale and

repurchase agreements, when Federal funds were trading at

9% per cent. In Tokyo representatives

from Japan's three long-term credit banks are expected to

meet this week and decide on whether to raise long-term

whether to take long-term prime lending rates. It is gener-ally expected that the banks will increase their prime rates by 0.3 per cent to 6.00 per cent, the first rise since August 1888.

In Zurich the Swiss National

Bank left its floating Lombard rate unchanged at 8% per cent.

agreement expires

Intervention by the Japanese central bank was put at around \$700m yesterday and the US Federal Reserve may have sold a small amount of dollars later in the day. This helped push the dollar lower The dollar fell to DM1.9730 from DM1.9925; to Y144.40 from NAC 50: to SKr1.7050 from

Y145.50; to SFr1.7050 from SFr1.7200; and to FFr6.6950 from FFr6.7625. On Bank of England figure's the dollar's index fell to 72.4 from 72.8.

index fell to 72.4 from 72.8.

Sterling moved in line with other European currencies, gaining ground against the dollar and closing 1½ cents higher at \$1.5490. The pound suffered in early trading from speculation that the entry of the Spanish peseta into the EMS exchange rate mechanism. EMS exchange rate mechanism will increase pressure on the

British Government to allow Sterling to join.
Sterling fell to a low of DM3.0450, but held above a support point of DM3.04. Defore

rallying to close at DM3.0550 against DM3.0575 on Friday. The pound also eased to FFrio.3700 from FFrio.3750, but rose to Y223.75 from Y223.25 and to SFr2.6400 from SFr2.6375. Sterling's index ground at 90.5 and fell to a low opened at 90.5 and fell to a low of 90.4 in the morning, before closing unchanged at 90.8.

High Spanish interest rates of over 14 per cent attracted funds into the Spanish peseta, following the decision to make the currency a full member of the EMS. Dealers said the protection offered to the peseta by the system made Spanish interest rates very attractive. The est rates very attractive. The peseta rose to DM1.5730 per 100 etas from DM1.5560 on Fri-

EMS EUROPEAN CURRENCY UNIT RATES								
	Eco contral rates	Currency amounts against Eco June 19	% change from central rate	% charge adjusted for contriguence	Divergence Healt %			
eiglae Franc anish Krone erman D-Mark ernch Franc etch Gollder sish Gollder sish Gollder sish Gollder sish Gollder sish Gollder	42,4582 7,85212 2,05853 6,9043 2,31943 0,768411 1483,58 133,804	43.3370 8.05440 2.07076 7.0363 2.33252 0.776235 1502.45 131.558	1258 1258 1259 1175 1175 1177 1188	499 499 499 499 499 499 499 499 499	±1.5344 ±1.5404 ±1.0962 ±1.3674 ±1.5012 ±1.6684 ±4.0752 N/A			

Jane 19	ND SPOT- Day's seried	FORWAR	D AGAIN	est 1	Three months	ND %
US	1.5260 - 1.5515 1.8377 - 1.8380 3.624 - 3.45 63.65 - 64.20 11.67 - 11.913 1.1440 - 11.30 253.75 - 256.70 1206 - 2223 11.664 - 11.124 10.234 - 10.334 2224 - 2244 224 - 224 243 - 246 246 - 246 2470 - 1.5019	1545-1545 1855-1855 1855-1855 1854-144 6400-6410 1184-1194 11470-11400 25570-25470 22174-22164 11104-11114 10324-10374 2214-2216 1214-2216 2214-2216 2214-2216 2214-2216 2214-2216 2214-2216 2214-2216 2214-2216 2214-2216 2214-2216 2214-2216 2214-2216 2214-2216 2214-2216 2214-2216 2214-2216 2214-2216 2214-2216 2214-2216	0.55-0.52 pm 0.25-0.14 pm 23-3.42 pm 33-3.42 pm 41-4.52 pm 13-1.52 pm 13-1.53 pm 13-1.53 pm 13-1.54	4.14 6.75 6.00 4.77 7.12 3.11 5.16 6.82 6.82 6.82 6.82	1.76-1.72m 0.78-0.65m 92-85m 1.43-1.45m 1.43-1.45m 1.40-1.25m 1.5-1.25m 1.5-1.25m 1.3-1.35m 1.3-1.35m 1.3-1.35m 4.3-4.35m 4.3-4.35m 4.3-4.35m 4.3-4.35m 4.3-4.35m	4.49 1.52 6.56 4.720 7.219 0.80 2.195 5.28 2.860 6.63 4.70

DOLL	DOLLAR SPOT- FORWARD AGAINST THE DOLLAR							
June 19	Day's spread	Class	One month	% pa	Three months	% p.a.		
UKY related to the re	41.30 - 41.80 7.57½ - 7.76½ 1.9715 - 1.9976 164.60 - 105.75 124.80 - 127.40 1430 - 1451 7.19 - 7.22¼ 6.66¼ - 6.78½	1.9725-1.9735 164.60-184.70 125.05-125.15 1431 \ 1.432\ 7.17-7.17\ 6.69\ -6.69\ 6.66\ -6.67\ 144.35-144.45	0.55-0.52cm 0.10-0.15cm 0.27-0.31cm 0.47-0.45cm 5.00.35cc 0.47-0.45cm 0.47-0.45cm 0.47-0.45cm 0.47-0.45cm 0.47-0.45cm 0.47-0.45cm 0.45-1.10da 0.52-0.50cm	41164232548484888429	1.76-1.72pm 0.14-0.74th 0.87-0.734th 1.28-1.24pm 1.50-6.50pm 0.60-0.20pm 1.20-1.65th 1.20-1.65th 1.20-1.65th 1.20-1.55th 1.20-1.75th 1.20-1.75th 1.20-1.75th 1.20-1.75th 1.20-1.75th 1.20-1.75th 1.20-1.75th 1.20-1.75th 1.20-1.75th 1.20-1.75th 1.20-1.75th 1.20-1.75th 1.20-1.75th 1.20-1.75th	4.49 0.57 0.20 0.20 0.20 0.20 0.20 0.20 0.20 0.2		
Sektorland . ECU	1.7015 - 1.7255 1.0415 - 1.0495	1.7045 - 1.7055 1.0485 - 1.0495	0.36-0.53cpm 0.40-0.60cdb	2.41 -5.72	0.99-0.95m 0.30-0.85m	226 210		
and discounts	ales towards the end of apply to the US dol	f Loades trading.; Ul Par and not to the I	Cand freiand are qualifications.	erted in US Belgian :	corrency. Forward ate is for consert	presides; ble fraces.		

tencial frant 41.60-41.70.								
	EURO-CURRENCY INTEREST RATES							
June 19	Short term	7 Days notice	- Ome Month	Three Months	Six Mentils	Gee ' Year		
Reriting SS Bellar San Dokker Josephan Galider Se Franc Leatechmank Franc Leatechmank Fre Chris SFr. (Chris SFr. (Chris J. (Fr. (Chris J. (Chris Listan SSting	124-124 92-93 124-124 64-64 74-68 63-64 84-84 84-84 11-9 74-74 74-74 94-94 95-94	124-125 95-93 125-124 64-64 74-64 84-65 12-11 83-83 84-74 94-94 95-94	131-131-131-131-131-131-131-131-131-131	14-13-12-13-13-13-13-13-13-13-13-13-13-13-13-13-	144-144 91-92 12-11-7-7-7-69 71-69 71-69 124-11-8 82-82 82-82 92-92 92-92	144-144 95-94 125-124 75-74 743 76-88 124-124 84-85 98-98 98-98		

Asian SSIng	912-93	95-95	93-92	912-91	95-95	92-92
Long term Eurodo	Hars two years	94-94 per ce	at; three years 9	4-914 per cent;	four years 94-9	4 per cent; fi

		<u>E)</u>	CHA	NGE	CRC)5S I	RATE	3		
Jone.19	£	5	DM	Yes	F Fr.	S Fr.	¥FL	Ura	CS	BF
£	0.646	1.549	3.055 1.972	223.8 144.5	10.37 6.695	2640 1704	14G 223	2218 1432	1.854 1.197	64.0 41
AEK	0.327	0.507	l	73.26	3.394	0.864	1.127	726.0	0.607	20.9
DM	4.468	6.921	13.65	1000.	46.34	11.80	15.39	9911	8.284	286
F Fr.	0.964	1.494	29%	215.8	10.	2.546	3.320	2139	1.788	싫
S Fr.	0.379	0.587	1157	84.77	1928	1	1.304	840.2	0.702	
H FT.	0.290	0.450	0.887	65.00	3.012	0.767	l	644.2	0.538	18.6
Lim	0.451	0.698	1.377	100.9	4.675	1.190	1562	1000	0.836	28.6
C S	0.539	0.835	1.648	120.7	5.593	1.424	1.857	11%	1	34.5
B Fr.	1.561	2.418	4.770	349.4	16.19	4.122	5.375	3463	2.895	100.
m per 1.0	00: Freed	Fr. per l	O: Ura po	r 1,000:	Belglas Fi	. per 100				

FINANCIAL FUTURES

Short sterling recovers

STERLING INTEREST rate eign exchanges at present and instruments recovered from a nervous and weak start to trading on Liffe yesterday. Short nervous aim weak state to dar-ing on Liffe yesterday. Short sterling, for September deliv-ery, opened at 85.55 as the pound weakened on the foreign exchanges. The contract touched a low of 85.49, dis-counting a cash Libor rate of 14% per cent at delivery, but this decline was short lived. Dealers said that sentiment is very much driven by ster-ling's performance on the for-

LIFFE 5/5 525,860 (07118145 ceals per 62)		
Strike Price 140 145 155 155 160 165 170	Calls-setti Jul- 1465 965 514 219 68 15	App. 1465 1465 955 289 127 47 15	Pets-se Jul 20 99 304 653 1100 1567	Aug 19 71 196 427 765 1185
Estimated Previous &	volume tota ay's open in	, Calls (Calls 1) Pals () 90 Pals 5	
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LONDON	QJFF	Đ		
20-YEAR 9% 150,000 322				_
Jan Sep	Class 92-17 93-15	High 93-16	Low 92-18	92-3 92-3
Estimated Vo Previous day's			786)	
7-28 YEAR 9 554,840 52m	% NOTICE t of 186%			
Jose Sep	Close 90-19	High	Law	90-1
Estimated Vol Previous day's	icane () (0) copen lat. (60		

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Jan Sep	Close 90-19	High	Law	90-1
Estimated V Previous day	chare 0 (0) 's open int	0 60		
	RY BOMBS & Zuds of 1987	%		
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	okume 2156 's open int.		10	
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	IAL LISHE TO in 180ths of		WESE 66	VT.
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1	Na-	94.76			94.7
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	6% NOTZON	in 190ths of	100%		
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		_,,			

Jun Sep Dec Mar	85.87 85.79 86.50 87.29	85.87 85.80 86.52 87.30	85.50 85.49 86.29 87.08	85,75 85,47 87,28
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TINGE MÓN Sin points d	TR EURODA 1 100%	LUAR .		
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79UND-\$ (F	HEEL PE	CENNA		
Spat. 1.5490	1-mts. 1.5437	3-mis. 1-5316	6-m2 1-5140	12-eth 1-4835
BEN-STEEL	96 & per £			
Jen Sep Dec	Latest 1.5990	High 1.5454	Low 1.5370	Pres.

FT LONDON INTERBANK FIXING G1.00 a.m. June.191 3 months US dollars

M4 92	offer 9%	bid 9 <u>4</u>	after 94
nced by the market to five	reference bands at 11 00 a s	earest one-sluteenth, of the b r. each working day. The bar I de Paris and Morgan Guara	de are Mathemal Wiestenless

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NEW YORK			Treasury	Bills and	Bends .	
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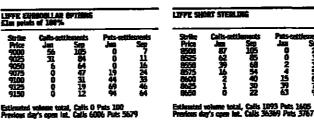
June 19 Overnicht 7 days One Three Six On									
	Ulbings	notice	Month	Months	Months	Year			
terbank Offer	124	124	13%	144	142	14&			
erbank Bid	1115	125		141	145	14			
rling COs	<u>-</u> -		133	141	141	14			
al Authority Deps	12	12%	13%	144	1414	144			
al Authority Bonds	13	124	1312	ענו	- 1	-			
pary Deposits	13	124	7	142	14%	141.			
ance House Deposits	! <u> </u>		130	142	14]	143			
ISBUTY BILK (Bow)		1	142	135	I				
asary Bill's (Bay) ak Bills (Bay)			14 HA 1974 1914 1949 1449 888	134	13.5 13.5 9.59 85 85	-			
e Trade Bills (Bury)	. i		143	14%	13# I	-			
lar CDs	_ I	-	9.48	9.40	9.39	9.25			
Linked Dep Offer	- 	-	84	85.	8%	8%			
Linked Dep Bid	-	-	8,4	8%	81,	81			
Linked Dep Offer	•	- 1	9 1	8% 9% 9%	91	85 95 95			
J Linked Dep Bid		- 1	83	9&	94	94			

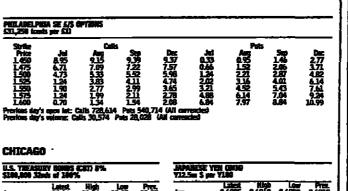
Today's figures on UK money supply and bank lending are not expected to cause too many problems. A rise of 1.1 per cent in May sterling Mo is expected, taking the year on year rate up to 6.0 per cent from 5.7 per cent, but M4 bank lending is forcest to fall to blown currency crisis. This was also the case with the result of the European elec-tions, which led to early but unsustained weakness in ster-

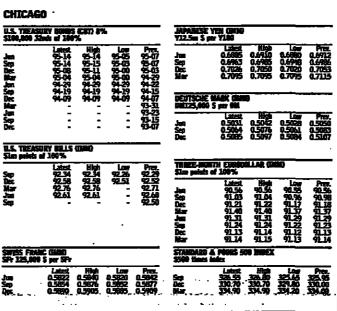
66bn from £7bn.

As the pound improved cash interest rates fell and short sterling rallied, to close just below the day's peak at 85.79, compared with 85.75 on Friday. Nervousness is likely to return ahead of next week's UK trade figures for May, but

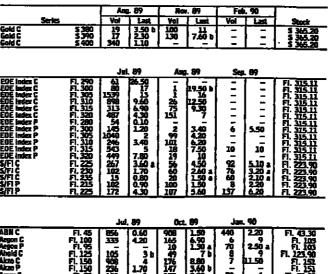
<u> </u>	TREASUR	7 BOND F	JTURES 0	PTENS	LIFFE BU	ID FUTUR	E5 (F13)	<u></u>
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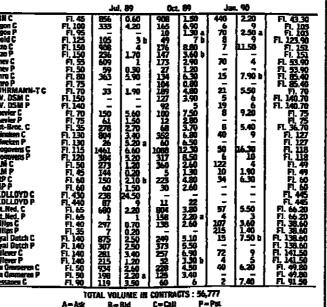




BASE LENDING RATES										
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The Financial Times proposes to publish a Survey on the above on

14th July, 1989

For a full editorial synopsis and advertisement details, please contact:

Anthony G. Hayes

on 021-454 0922 or write to him at:

George House, George Road Edgbaston, Birmingham B15 1PG.

FINANCIAL TIMES

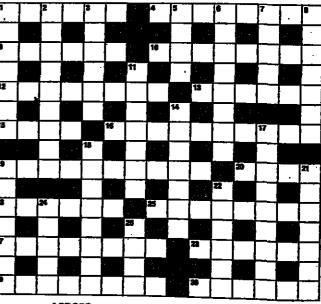
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CROSSWORD

No.6,964 Set by QUARK



ACROSS

1 One takes the prize, rising to the top (6)

4 Originates and puts in return about creative study

(6,2) 9 Kick over traces to put in a new mould (6)

16 Make such a bow on formal occasions? (5,3)

occasions? (5,8)

12 Pub loose about English it's inferred indirectly (8)

13 Time and place about items of business (6)

15 Cheese used to feed a mouse? (4)

16 Grasp twig (10) 19 Certain beats can be (10) 20 Trashy film? (4) 23 Old Testament in change for

religious person (6)
25 Get the needle faced with hese scraps? (8) 27 Teachers devise plot for the

music-maker (8)
28 Lady with a haio? (6)
28 The media, following English society, love coffee

30 The spirit to espy somehow round Church (6) DOWN

1 Describes hand I have after

villan's leading (7)
2 Financial cure in pay arrangement? (9)
3 Used to being put out,

expelled (6)
5 Explained what the bell did in sound (4)

6 One seen at meetings carrying card (8)
7 Fabric settled at home? (5)
8 Horse with patchy form? (7)

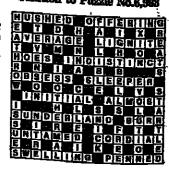
11 Using expression of language ignoring MA is foolish (7)
14 How one has to go to reach the top! (7)
17 Nut or nuts (9)
18 Just a form

18 Just a few years showing poverty (8) 19 Return with regard to the

18 Return with regard to the meeting-place (7)
21 Mike sat around. False move? (7)
22 One leaves "figures of speech" showing expressions of relief (6)
24 Shup face a management of many face and many face a many face and meeting face and many face and man

24 Sum for a youngster at university? (3.2)
26 Book the circus turns (4)

Solution to Puzzle No.6,968



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19 19 19 19 19 19 19 19 19 19 19 19 19 1	Section Sect		The order in the Use of the Control

359.28 354.85 364.09 (19/6) 219.5 (2/1) लक्ष्माव सम्बद्धाः सम्बद्धाः सम्बद्धाः सम 5519.30 (4/1) 329.34 334.89 (16/6) 275,49 (27/2) 723.3 (4/J) 482.7 113.4 598.10 600.17 1776.1 1783.2 1426.66 1433.43 535.78 *(27/2*) 1996.7 (27/2) 1271.70 (23/2) 3309.64 (15/5) 2093.61 **6**/6) 340.02 2365.46 M6.63 643.48 651.72 (14/6) 577.49 (28/2) 209.7 249.1 251.2 (19/6) 194.4 194.0 195.6 (19/6) 208.3 (J/1) 166.7 (L/3) 524.98 626.04 665.61 (19)49 467.17 (2/1) 1310.02 (17/5) 101.6 2541.0 1639.0 (23/3) 2581.0 (28/40 1291.0 (15/2) 1961.0 (3/1) 315.90 (13/6) 268.61 (1/3) U29.0 4118.8 4137.2 (16/6) 3333.9 (3/1) 728.3 723.7 735.8 (19/6) 613.1 G/I) 519.0 (17/2) 489.2 487.6 (L3/6)

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TALY, basking in an 11-day bull run, enjoyed a

A share of the limelight among world markets last

week as investors, afraid of

being left standing, scrambled

to buy stock. The Italian market gained a

robust 4.3 per cent in local cur-

rency terms, although it slipped back slightly yesterday on profit-taking.

Fierce demand for Fiat stock

led the domestic drive to build positions in blue chip issues,

while foreign investors have

gradually begun to return as weil. Analysts point out that Italy still has about 30 per cent to rise before reaching its all-time high of May 1996.

Although the market has allimbed by 30 per cent ever the

climbed by 30 per cent over the past year, its performance this year has been poor until now, with a total rise of only 7.6 per cent, the second worst in

cent, the second worst in Europe after Belgium.
Denmark was the FT-Actuaries top performer in Europe last week with a 5.8 per cent rise in local currency terms as the market sailed ahead on a tide of institutional liquidity. The local stock exchange index gained 3.9 per cent.

gained 3.9 per cent. Shipping stocks have led the year's steady advance, under-

pinned by corporate progress

and prospects, and reinforced by declining interest in bonds

and property investment. The market is up 28.4 per cent on

were not looking bright, adding concerns about poten-

tial domestic political strife to

By Simon Greaves

MARKETS IN PERSPECTIVE

Italy enjoys rare bask in limelight

the start of the year, the third best performance in Europe after Austria and Norway.

One analyst said the alterna

tives in Denmark were not tempting. "Investors are ask-ing themselves what could

they possibly put their money in if they sell and there's a growing feeling the market could at least sustain a further

Singapore was the star per-former in the Asia Pacific

region, registering an impressive 4.7 per cent advance as

some investors cold shouldered

Hong Kong in the wake of the

bloody crackdown in China.

Singapore has risen 28.7 per cent this year and a huge 50.4 per cent in sterling terms.

Singapore's across-the-board

success story, in which prop-erty, ship repairing and con-sumer goods issues have been

prominent, is attributed to a

strong economy, a currency heavily linked to the firm US

dollar and the gittering performance of the property sector.

That has benefited from

healthy fundamentals includ-ing a shortage of office space

and rapid rent increases.

Hong Kong none the less recovered 3.9 per cent last week after its heavy losses, with Malaysia hot on its heels,

putting on 2.6 per cent as it too gained impetus from property

in spite of these good perfor-

mances among smaller mar-kets, the world's leaders had a

10 per cent rise this year."

WORLD STOCK MARKETS

AMERICA

Dow falls after euphoria fades

THE fading of last week's euphoria in bond and dollar trading had an impact on stocks which registered modest losses at midsession, writes Janet Bush in New York.

At 2 pm, the Dow Jones Industrial Average was 5.54 points down at 2,480.84 on low volume of 83m shares. The broader Standard & Poor's 500 index was also slightly lower as were the leading indices of secondary stocks on the American Stock Exchange and the Nasdaq over-the-counter mar-

The equity market had risen sharply along with the enormous surge of buying in the bond market and in the dollar two weeks ago but then started financial markets became over-extended. Stocks suffered along with the dollar and bonds when profit-taking sur-

faced last Thursday.

The course of the market in the near-term will depend on a number of factors. The dollar, which has started to look vulnerable in the face of heavy and co-ordinated central bank

in Europe yesterday as Frank-furt sprang ahead again and Milan suffered heavy profit-taking. The results of the Euro-

pean elections provided a focus

for some bourses, writes Our

FRANKFURT jumped like a coiled spring after a week of consolidation, with share prices rising by 2 per cent to new post-crash highs as for-

eign and domestic buyers

The trigger appeared to be relief that the European elections had not produced an even

worse result for the centre-

right coalition and that the

opposition Social Democrats

and Green party had failed to secure an overall majority. The most striking feature of the

election - the advance of the far-right Republican party -

was shrugged off, apparently

because it was not a new phe-nomenon and it was thought

the big parties would regain ground between now and the

last week, the FAZ index

climbed 9.22, or 1.5 per cent, to 608.31 and the DAX index

jumped 30.45, or 2 per cent, to

1.456.99. Turnover in German

shares soared back above

DM7bn, close to its recent

found out that everything was again on the positive side they

started buying, and prices were up 1½ per cent at the open-ing," said one analyst, adding

that the FAZ could now rise to 620 or 630 quite quickly.

Blue chips were strong, with Siemens climbing DM21 to

DM563.50 both as a market

leader and because of its DM1.5bn order from the Soviet

Union for 300,000 personal com-

was the day's second most active stock, rising DM7.80 to

DM251.20; one of its warrants expired last week and this took

pressure off the price, while the stock was said to be

looking positive from a chart

point of view. Deutsche Bank

VW continued to lead the car.

sector, accelerating DM13 to

NATIONAL AND

In financials, Commerzbank

"When domestic investors

general election in 1990.

post-crash highs.

So will any further signs of weakness in corporate profits as the economy continues to

A potentially positive influ-ence for the market will be any end of second quarter buying by investment managers wanting to stuff portfolios full of the best performing issues. However, there is some doubt whether such a buying spree will actually emerge given a new caution in the market.

There is a danger for portfo-lio managers that they will jump into stocks near the top of a rally.

The second half is particu-larly uncertain. After the very sharp fall in short-term interest rates in recent weeks, there is now a camp which is concerned that consumer spending and housing, the sectors of the economy which have displayed weakness after a year of monetary tightening, could rebound, perhaps so much that the US Federal Reserve would be

forced to tighten again.

Even if this does not happen, all the signals suggest that the Fed will be ultra-cautious in lowering interest rates any further. Both producer prices and

Frankfurt springs back to

in Der Spiegel saying group net profit would rise to more than

In a popular engineering sec-tor, Deutsche Babcock gained

DM9.50 to DM203 amid continuing speculation that builder Hochtief was interested in buy-

ing into it because of its envi-ronmental clean-up activities.

day surge amid widespread profit-taking and worries about

the political crisis, further

heightened by the results of the European elections. The

results appear to offer little chance of an alternative being

found to the last Government.

The Comit index lost 3.04 to

648.68 although volume

remained high at L300bn.
One analyst described the fall as a "pause for breath" and expected the advance to resume later this week after the poll news had been digneted.

Another said: "The technical

signs (of an impending fall) were written all over the mar-

thinner than last week's levels

and I don't think there's going

Fiat, which had led the rally.

ended at L10,280, Friday's clos-

ing level, after being fixed ear-

dull tone, with shares ending

down but off lows in thin vol-

town but by low in thin vor-ume estimated at about FFr1.8bn. "Most people are waiting for the end of the monthly account on Thurs-day," said a dealer. "The prob-

lem is that the only thing that can bring dynamism is a decrease in American interest

Strong industrial production figures for April had little impact, with investors focusing

more on today's May inflation

FFr225 after announcing two new contracts. Car components

maker Valeo crept up FFr2 to FFr777 after news of its joint

venture in Spain with Nippon-

denso of Japan.
The OMF 50 index showed a slight 0.75 gain to 491.04, but the CAC 40 was down 3.54 at 1,718.74. The CAC General lost

Thomson-CSF rose FFr8.50 to

rates.

PARIS continued last week's

to be an immediate sellout.

MILAN fell back after its 11-

life with 2 per cent jump

DM1bn this year.

for United Airlines, Jumped \$5½ to \$127½ on speculation that the losing bidders may now target the company instead of NWA.

DM423.50, helped by an article 4.1 to 476.30.

consumer prices gained more than expected in May which pany's \$70 a share planned bid for Warner Communications, must be worrying the Fed. Some bond economists had talked about a lowering of the an alternative to the \$175 a share bid from Paramount. Time fell \$9% to \$156%, Warner added \$% to \$59% and Fed Funds target to 9% per cent from between 9% per cent and 9% per cent but there is less confidence now that the Paramount fell \$% to \$57%.

loosening was as big as that.

Some economists are now

talking about Fed Funds being

targeted at between 9% per

Concern has also emerged

over the past fortnight or so

about a negative impact from

the strong dollar on stocks of

companies doing substantial international business.

Takeover and merger stories continued to dominate. NWA,

the holding company for Northwest Airlines, jumped \$6% to \$114% at midsession on news that it had agreed to a \$121 a share takeover bid from

Mr Alfred Checchi, a Los Angeles investor. Pan Am. one

of the losing bidders, fell \$% to

MADRID showed little reac-tion to weekend news that Spain was joining the Euro-

pean Monetary System or to Friday's better than expected

inflation figures. The general index managed a slight gain of 0.52 to 310.38 after last week's

losses, but trading volume was

The banking sector and utili-ties were weak, holding back

the broader market, but ana-

lysts said the underlying mood was fairly positive. "The opin-ion I've got from people today

is that interest rates shouldn't have to rise in the short to medium term," said one. AMSTERDAM ended higher

after a moderately active day

as investors and traders assessed the outcome of the European elections. The Dutch

result gave no clear leads for the September general election. The CBS tendency index rose

Retailer Ahold gained FI 2.40 to FI 123.90 after Friday's news

of a 23.7 per cent rise in four-

reaffirmed forecasts that 1989

profits will be considerably

Fl 118 as overseas buyers chased the steel stock, making

the past week's gains more than F1 8. BRUSSELS closed mixed to

higher on the last day of the account in brisk trading, helped by the European elec-tions which consolidated sup-

Interest is centring on chemicals groups Solvay and UCB, and holding concern GBL, all

of which go ex-dividend today. Retailer GIB, which has

risen sharply on strong foreign interest, added BFr2 to BFr1,408 on heavy turnover of

ZURICH finished firm but off

the day's highs with turnover

slowing down after a lively

opening. The Credit Suisse added 1.2 to 601.0.

in thin trading as a result of fears of higher interest rates

and the absence of buyers before the holiday break. The

Affärsvärlden General index fell 4.6 to 1.209.9.

STOCKHOLM closed lower

31.400 shares

port for the Government.

Hoogovens firmed Fl 3.30 to

1.70 to 190.9.

above last year's.

estimated at a thin \$110m.

cent and 9% per cent.

Sea Containers jumped \$6% to \$72% on news that the company plans to announce a restructuring or leveraged buy-out worth between \$70 and \$100 a share. Union Carbide added \$1% to

\$28% in heavier than usual volume on reports that Mr Nelson Peltz, the investor, has built up a stake in the company.

Canada

INVESTORS found no factors to influence trading in Toronto, leaving stocks little changed at midday in light

The composite index fell 2.0 to 3,743.10 as advancing stocks almost matched declining ones by 210 to 216, on volume of

13.9m shares. On the active list, Maclean Hunter was flat at C\$13%, BCE Development was down 6 cents to C\$2.54, Inco was unchanged at C\$33¼, and Laidlaw gained

SOUTH AFRICA

GOLD stocks closed easier in light trading in response to the metal's fall on world mar-kets. Vaal Reefs shed R4 to R298.

poor week which left the FT-A World Index down 1.5 per cent. Japan fell 2.6 per cent amid **ASIA PACIFIC** Prices slip on fears of a rise in the dollar

A MOOD of despondency hung over the Japanese market and shares eased in thin volume as currency and interest rate concerns drew a negative picture for future prospects, writes Michtyo Nakamoto in Tokyo. Although the yen has recov-

ered somewhat against the dol-lar, developments in foreign exchange markets and events both at home and abroad did little to dispel fears of the dol-lar rising in the near term. Share prices slipped lower dur-ing most of the day and only managed to recover slightly on having from index linked buying from index-linked investment trust funds.

The Nikkel average moved between a high of 33,051.36 and a low of 32,858.31 before closing down 41.99 at 33,013.18. Advances managed to outnum-ber declines by 485 to 394 while 196 issues were unchanged Turnover dwindled to a paltry 454m shares against 591m traded on Friday. The Topix index of all listed shares finished 3.54 points higher at 2,443.71 but in London the ISE/ Nikkei 50 index fell 0.66 to

"The market has entered the rainy season," said one investor. "It's not a downpour but a drizzle, but still nobody wants to go out while it's raining." Although the currency mar-

ket was relatively stable, inves-tors in Japan were beginning to predict a longer period of dollar strength and hence a more drawn-out correction for the market than they had previously expected. International trends, such as the situation in China, pointed to a firm dollar st in the short term.

At the same time, investors were increasingly optimistic about the outlook for the US economy, and thus increasingly confident of a further rise in the dollar in coming in the coular in coming months. This bullish outlook on the dollar in turn fanned fears of inflation in Japan and the possibility of another rise in the official discount rate.

Time continued to slump in C3% to C317%.

On the domestic front, the chances for the ruling Liberal Democratic Party in the forthcoming elections to the upper house of the Diet (Parliament)

investors' reasons for remaining cautious. Environment protection and machinery issues, which have been popular on buoyant capital spending by Japanese industry, were once again the main movers yesterday. But those which have enjoyed substantial gains recently lost on profit-taking. Amada, for exam-ple, a leading machine tool maker which has risen on good

earnings, lost Y10 to Y2,210 in the day's most active trading Issues likely to benefit from increased capital spending were selected in Osaka and helped lift the OSE average 137.34 to 31,999.25. Volume also improved to 64m shares

against 41m on Friday.

SINGAPORE and Tajwan both passed significant milestones yesterday but Australia eased. Hong Kong was closed to mark the Queen's birthday. SINGAPORE rebounded in

the afternoon to close firmer, with the Straits Times indus-

trial index breaching the 1,300 barrier. It closed up 7.88 at 1,304.40. Trading was active and turnover swelled to 88m shares from Friday's 68m. main participants as activity focused on warrants, property

stocks and Malaysian speculative issues. TAIPEI climbed comprehensively through 10,000 on the weighted index, reaching an all-time high of 10,105.81, up 198.58, after reaching the psy-chological barrier on Saturday. Volume rose to 811m shares

from Saturday's 520m. AUSTRALIA drifted to a slightly easier close in quiet trade, after being subdued in

% change in ideal currency ? +58.89 +42.07 Austria +11.38 +33.99 -1.39 +18.13 +5.83 +11.88 +74.58 +28.40 -0.14 +8.80 +14.55 +5.82 Finland .. +248 +38.76 +12.90 +19.26+ 13.92 West Germany ÷ 8.49 + 18.21 + 14.78 +8.33 +12.59 Ireland -5.03 +3.07 +25.37 +16.62 Netherlands +25.37 +16.62 -7.14 +57.64 +35.55 +0.59 +0.24 +11.02 +2.42 +66.56 +23.16 +7.72 +11.59 +12.97 -1.44 +15.27 +18.47 +1.71 +20.55 + 45.50 + 15.57 Norway +32.63 +18.36 +18.47 +2.60Switzerland EUROPE . +7.27 Australia . -3.79 -3.23 +3.23 -17.79 -10.48 -12.62 -8.71 +11.83 +2.62 -0.55 +28.13 +24.97 +0.76 -1.42 +7.32 Hong Kong ... +3.31 +47.23+0.76 New Zealand . +1.87Singapore +50.42+30.78 + 1.36 +8.91 +11.27 -1.90 + 36.59 + 86.47 -0.09 +18.82 +15.82 +18.39 +54.51 +64.16 -1.64 +12.00 +49.37 +29.01 +0.01 WORLD MOEY

concern over the declining yen, with the Nikkei average suffer-

1.6 per cent in a week of con-fusing economic signals, while Canada shed 1.9 per cent and ing its biggest one-day fall this Canada shed 1.9 per year on Thursday. The US lost the UK 0.2 per cent.

> of trade figures. The market then shrugged off the record monthly current account deficit of A\$1.83bn for May. Investors and analysts were prepared for a high defi-cit, the announcement of cit, the announcement of which prompted the Australian

the morning before the release

dollar to weaken, then firm while interest rates rose. SEOUL fell sharply for a fourth trading day amid disap-pointment that the Government did not include measures to boost the economy or exports in its economic statement. The composite index dropped 14.56 to 895.58 in low

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

national and Regional Markets	FRIDAY JUNE 18 1989						THURSDAY JUNE 15 1989			DOLLAR INDEX		
Figures in parentheses show number of slocks per grouping	US Dollar Index	Day's Chaлge %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 - High	1989 Low	Year ago (appro
Australia (86)	131.43	+ 1.6	127.03	116.22	-0.1	5.07	130.08	127.01	116.37	157.12	128.28	146.9
Austria (19)	121 59	+1.2	117.51	125.92	-0.6	2.07	120.10	117.26	126.70	124.16	92.84	86.9
Belgium (63)	127.60	. +1.6	123.3 <u>2</u>	131.69	0.2	4.17	125.58	122.61	131.93	137.10	125.58	122.5
Canada (124)	139.23	+0.3	134.56 -	120.73	+ 0.1	3.29	138.87	135.59	120.57	141.80	124. 6 7	126.2
Denmark (38)	193.59	+2.0	187.11	204.13	+0.5	1.65	189.74	185.28	203.16	193.59	165.35	128.8
Finland (26)	140.41	+ 1.9	135.71	130.97	+ 0.0	1,60	137.75	134.4 9	130.94	159.16	125.81	138.2
France (128)	116.33	+0.7	112,44	123.41	-0.9	3.08	115.54	112.81	124,48	122.79	112.57	95.9
West Germany (100)	84.96	+ 1.7	82.11	88.01	+0.1	2.31	83.56	81,58	87.93	90.40	79.56	77.2
Hong Kong (49)	97.94	+ 0.2	94.66	97.93	+0.1	5.51	97.79	95.48	97.83	140.33	86.41	109.2
Ireland (17)	132.10	+ 1.3	127.67	138.96	-0.1	3.03	130.41	127.32	139.10	151.38	125.00	139.3
Italy (97)	82.86	+22	80.08	89.36	+0.9	2.49	81.07	79.15	88.58	86.88	74,97	70.7
Japan (455)	168.63	+ 2.8	163.17	155,28	+ 0.0	0.51	164.22	160.34	155.29	200.11	164.22	174.5
Malaysia (36)	179.16	+ 1.0	173.16	187.10	+0.4	2.57	177.42	173.22	186.44	185.03	143.35	146.3
Mexico (13)	255.88	+ 6.0	247.31	664.45	+ 1.7	0.76	241.41	235.70	653.39	255.88	153.32	172.5
Netherland (42)	117.07	+ 1.5	113.14	119.82	-0.1	4.31	115.2 9	112.56	119.92	122.22	110,63	106.2
New Zealand (24)	65.59	+ 1.9	63.38	61.15	+0.9	6.07	64.38	62.86	60.59	76.02	62.64	83.6
Norway (26)	171.42	+ 1.1	165.67	167.81	- 0.8	1.58	189.59	165.58	169.19	198.38	139.92	123.2
Singapore (26)	159.57	+ 1.2	154.22	144.28	+0.6	1.92	157.64	153.91	143,37	161.98	124,57	122.2
South Africa (60)	139.45	+ 1.1	134.78	126,74	+0.9	4.23	137.88	134.62	125.58	144.86	115.35	129.8
Spain (43)	145.42	+0.7	140.55	141,40	-0.5	3.57	144,37	140.98	142.13	156.17	143.14	160.6
Sweden (35)	162.63	+ 1.6	157.18	161.49	+ 0.2	2.13	160.06	156.27	161.18	162.63	138.45	122.3
Switzerland (57)	77.05	+25	74.46	82.16	+0.9	2.48	75.13	73.35	81.40	79.76	67.81	81,5
United Kingdom (314)	135.94	+ 1.6	131.38	131.38	+0.6	4.44	133.76	130.60	130.60	153.33	133,28	137.0
USA (557)	131.09	+ 0.4	126.70	131.09	+0.4	3.42	130.63	127.54	130.63	133.36	112.13	110.3
Europe (1005)	114.79	+ 1.6	110.94	115.41	+ 0.2	3.56	113.03	110.36	115.13	121.70	112.63	108.9
Nordic (125)	158.06	+ 1.7	152.77	154.07	+0.2	1.85	155.36	151.68	153.80	158.06	137.95	116.7
Pacific Basın (676)	164.77	+2.7	159.25	151.66	+ 0.0	0.75	160.44	156.65	151.67	194.72	160.44	170.8
Euro Pacific (1681)	144.85	+2.3	140.00	137.12	+0.1	1.66	141.56	138.21	137.01	164.22	141.56	146.0
North America (681)	131.49	+ 0.3	127.08	130.45	+0.3	3.41	131.03	127.93	130.01	133.73	112.79	111.1
Europe Ex. UK (691)	101.30	+ 1.5	97.91	105.53	+ 0.0	2.90	99.80	97.44	105.55	105.29	96.30	91.4
Pacific Ex. Japan (221)	116.07	+ 0.8	112.18	106.44	+ 0.1	4.90	115.10	112.37	106.36	137.65	111.93	128.4
World Ex. US (1978)	144.67	+ 2.2	139.82	136.67	+0.1	1.74	141.49	138.15	136.55	162.77	141.49	145.2
Norld Ex. UK (2121)	13 9 . 17	+ 1.5	134.50	135.10	+0.1	2.10	136.98	133.74	134.92	148.04	136.98	131.2
Norld Ex. So. At. (2375)	138.86	+ 1.6	134.21	134.80	+0.2	2.29	135.67	133.44	134.56	146.65	136.67	131.7
World Ex. Japan (1980)	124.81	+ 0.8	120.62	124.31	+0.3	3.53	123.82	120.90	123.93	126.50	114.51	111.2
he World Index (2435)	138.86	+ 1.6	134.21	134,74	+0.2	231	136.68	133.45	134.50	146.51	136.68	131.7

